



PART OF THE SANTANDER GROUP

## Abbey National Treasury Services plc

(incorporated under the laws of England and Wales)

€2,000,000,000

### Structured Note Programme

Unconditionally and irrevocably guaranteed by

## Abbey National plc

(incorporated under the laws of England and Wales)

Abbey National Treasury Services plc (the "**Issuer**") may from time to time issue notes and other similar instruments (the "**Notes**") denominated in any currency as agreed between the Issuer and the relevant Dealer (as defined below) under this €2,000,000,000 Structured Note Programme (the "**Programme**"). This Prospectus supersedes the Prospectus dated 26 March 2008 previously issued by the Issuer and Guarantor in respect of the Programme, and is valid for a period of 12 months from the date hereof. Any Notes issued under the Programme by the completion of the Final Terms on or after the date of this Prospectus are issued subject to the provisions hereof. This Prospectus does not affect any Notes already in issue under the Programme, prior to the date of this Prospectus. "**Final Terms**" means the terms set out in a Final Terms supplement, substantially in the form set out in this Prospectus, which complete and amend the "General Terms and Conditions of the Notes" set out on page 147 herein, which, together with the applicable Technical Annex(es) relating to Equity Index Linked Notes, Equity Linked Notes, Currency Linked Notes, Fund Linked Notes and Credit Linked Notes or any other relevant type of Notes attached thereto, are referred to as the "**Conditions**".

This Prospectus (excluding the information incorporated by reference at (10), (11) and (12) on pages 1 and 2) has been approved by the United Kingdom Financial Services Authority (the "**FSA**") which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus (the "**Base Prospectus**") issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of the Notes under the Programme during the period of 12 months after the date hereof.

Application has been made to the FSA in its capacity as competent authority (the "**UK Listing Authority**") under the UK Financial Services and Markets Act 2000 ("**FSMA**") for Notes issued under the Programme to be admitted to the official list of the UK Listing Authority (the "**Official List**"). In respect of Notes to be admitted to the Official List, application has also been made to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market. The London Stock Exchange's Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive).

The payment of all amounts payable in respect of the Notes will be unconditionally and irrevocably guaranteed by Abbey National plc (the "**Guarantor**").

Notes may be issued in bearer or registered form (respectively "**Bearer Notes**" and "**Registered Notes**") or uncertificated book entry form cleared through Euroclear Sweden AB (formerly known as VPC AB) ("**Euroclear Sweden**") (the "**Swedish Notes**"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €2,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to the Dealer specified under "**Summary of the Programme**" and any additional Dealer appointed under the Programme from time to time (the "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes, and any other terms and conditions not contained herein which are applicable to each Tranche (as defined in the Conditions) of Notes will be set out in the applicable Final Terms which, with respect to Notes to be admitted to the Official List and to be admitted to trading on the London Stock Exchange's Regulated Market, will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be unlisted or listed on such other or further stock exchange(s) as may be agreed between the Issuer, the Guarantor and the relevant Dealer and specified in the Final Terms. Prospective purchasers of Notes should ensure that they understand the nature of the relevant Notes and the extent of their exposure to risks and that they consider the suitability of the relevant Notes as an investment in the light of their own circumstances and financial condition. Certain issues of Notes involve a high degree of risk and potential investors should be prepared to sustain a loss of all or part of their investment.

Any person (an "**Investor**") intending to acquire or acquiring any securities from any person (an "**Offeror**") should be aware that, in the context of an offer to the public as defined in section 102B of FSMA, the Issuer may be responsible to the Investor for the Prospectus under section 90 of FSMA, only if the Issuer has authorised that Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not authorised by the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Prospectus for the purposes of section 90 of FSMA in the context of the offer to the public and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Prospectus and/or who is responsible for its contents, it should take legal advice. This paragraph should be read in conjunction with the fifth paragraph on page i of this Prospectus. **Information in relation to an offer to the public will be made available at the time such sub-offer is made, and such information will be also provided by the relevant Offeror.**

See "**Risk Factors**" (page 36) for a discussion of factors which may affect the Issuer's and the Guarantor's ability to fulfil its obligations under Notes issued under the Programme and under the Guarantee, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme, and certain factors to be considered in connection with an investment in Equity Linked Notes, Equity Index Linked Notes, Inflation Linked Notes, Commodity Linked Notes, Currency Linked Notes, Fund Linked Notes, Property Linked Notes or Credit Linked Notes (each as defined herein) or other structured Notes which may be issued under the Programme linked to one or more reference asset or reference basis (each a "**Relevant Asset**") or reference entity or reference entities (each a "**Reference Entity**"). All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any tax jurisdiction unless any such deduction is required by law. In the event that any such deduction is required, neither the Issuer nor, as the case may be, the Guarantor will be required to pay any additional amounts to cover the amounts so deducted.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold in the United States of America (the "**United States**") or to, or for the benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. See "**Form of the Notes**" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer. See "**Subscription and Sale and Transfer and Selling Restrictions**".

### Dealers

**Banco Santander S.A.**

**Santander Global Banking & Markets**

In this document, references to "ANTS" and references to the "Issuer" are references to Abbey National Treasury Services plc; references to "Abbey National" and the "Guarantor" are references to Abbey National plc; references to the "ANTS Group" are references to ANTS and its subsidiaries; references to the "Abbey National Group" and the "Group" are references to Abbey National and its subsidiaries, which includes A&L (as defined below); and references to "Grupo Santander" are references to Banco Santander, S.A. ("Banco Santander") and its subsidiaries, which shall include the Abbey National Group. References to "A&L" are references to Alliance & Leicester plc and references to the "A&L Group" are reference to A&L and its subsidiaries

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and Part VI of FSMA. Any reference in this Prospectus to Base Prospectus means this Prospectus, excluding all information incorporated by reference at (10), (11) and (12) on pages 1 and 2. The Issuer and the Guarantor have confirmed that the information incorporated by reference at (10), (11) and (12) on page 2, has not been and does not need to be included in the Base Prospectus to satisfy the requirements of the Prospectus Directive or the FSMA. The Issuer and the Guarantor believe that none of the information incorporated by reference at (10), (11) and (12) on page 2 conflicts in any material respect with the information included in the Base Prospectus. This Prospectus does not constitute a "prospectus" for the purposes of the Prospectus Directive in respect of any Notes (i) involving an offer to the public outside of the European Economic Area ("EEA") or of a type listed in Article 3.2 of the Prospectus Directive and (ii) which are not admitted to trading on a regulated market under Article 3.3. of the Prospectus Directive (any such Notes, "Private Placement Notes").

The Issuer and the Guarantor (the "Responsible Persons") accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. This paragraph should be read in conjunction with the ninth paragraph on the cover page of this Prospectus. A&L accepts responsibility for the information contained in this Prospectus set out: (i) in the Alliance & Leicester plc audited annual financial statements (which are incorporated by reference into this Prospectus); (ii) in the "Summary of the Programme" section under the heading "Guarantee by A&L" on page 7 of this Prospectus; (iii) in the "Risk Factors" section on pages 36-60 of this Prospectus insofar as it relates to A&L; (iv) under the heading "Acquisitions – Alliance & Leicester plc" in page 302 of this Prospectus; (v) under the heading "Directors of Abbey National" on pages 304-306 of this Prospectus; (vi) in the significant or material change statement and the litigation statement in paragraphs 6 and 7 respectively of the "General Information" section on pages 336-337 of this Prospectus (insofar as those paragraphs relate to the A&L Group); and (vii) under the heading "Auditors" in paragraph 9 of the "General Information" section on page 337 of this Prospectus (insofar as it relates to the A&L Group) (together, the "A&L Information"). To the best of the knowledge of A&L (having taken all reasonable care to ensure that such is the case) the A&L Information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

An Investor intending to acquire or acquiring any Notes from an Offeror will do so, and offers and sales of the Notes to an investor by an Offeror will be made, in accordance with any terms and other arrangements in place between the Offeror and such investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with investors (other than the Dealers) in connection with the offer or sale of the Notes and, accordingly, this Prospectus and any Final Terms will not contain such information. **THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.**

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer or the Guarantor to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Dealers.

Neither this Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Guarantor or any of the Dealers that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference in this Prospectus when deciding whether or not to purchase any Notes.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to or for the account or benefit of U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations promulgated thereunder.

Each Tranche of Swedish Notes will be issued in uncertificated book entry form, as more particularly described in the Regional Annex, on or prior to the issue date for each Tranche of Swedish Note book entries may be made with Euroclear Sweden to evidence the debt represented by such Swedish Note of each accountholder. Swedish Notes will be issued in accordance with the laws and regulations applicable to Swedish Notes from time to time.

To ensure compliance with United States Treasury Department Circular 230, Noteholders are hereby notified that: (a) any discussion of federal tax issues in this document is not intended or written to be relied upon, and cannot be relied upon, by Noteholders for the purpose of avoiding penalties that may be imposed on Noteholders under the Internal Revenue Code; (b) such discussion is included herein by the Issuer in connection with the promotion or marketing (within the meaning of Circular 230) by the Issuer of the transactions and matters addressed herein; and (c) Noteholders should seek advice based on their particular circumstances from an independent tax adviser.

Persons into whose possession offering material comes must inform themselves about and observe any such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such an offer or a solicitation by anyone not authorised so to act.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor and the Dealers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering, or that all actions have been taken by the Issuer, the Guarantor or the Dealers which would permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. In particular, no action has been taken by the Issuer, the Guarantor or the Dealers which would permit a public offering of any Notes outside the EEA or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. See "Subscription and Sale and Transfer and Selling Restrictions".

This Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offer of Notes. Accordingly, any person making or intending to make an offer of Notes in that Relevant Member State, which are the subject of an offering contemplated in this Prospectus, as completed by final terms in relation to the offer of those Notes, may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by the applicable Final Terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, none of the Issuer, the Guarantor nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which any obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

In making an investment decision, investors must rely on their own examination of the Issuer and the Guarantor and the terms of the Notes being offered, including the merits and risks involved.

Certain of the Dealers and their affiliates have engaged and may in the future engage in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Guarantor and their respective affiliates.

None of the Dealers, the Issuer and the Guarantor makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should satisfy itself that it is able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Purchasers of such Notes are deemed to have sufficient knowledge, experience and professional advice to make their own investment decisions and to have undertaken their own legal, financial, tax, accounting and other business evaluation of the risks and merits of investments in such Notes and should ensure that they fully understand the risks associated with investments of this nature which are intended to be sold only to sophisticated investors. Purchasers of Notes are solely responsible for making their own independent appraisal of and investigation into the business, financial condition, prospects, creditworthiness, status and affairs of any Reference Entity or Relevant Asset and the information relating to any Reference Entity or Relevant Asset and the level or fluctuation of any Relevant Asset(s).

## U.S. INFORMATION

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to or for the account or benefit of U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the U.S. Treasury regulations promulgated thereunder.

To ensure compliance with United States Treasury Department Circular 230, Noteholders are hereby notified that: (a) any discussion of federal tax issues in this document is not intended or written to be relied upon, and cannot be relied upon, by Noteholders for the purpose of avoiding penalties that may be imposed on Noteholders under the Internal Revenue Code; (b) such discussion is included herein by the Issuer in connection with the promotion or marketing (within the meaning of Circular 230) by the Issuer of the transactions and matters addressed herein; and (c) Noteholders should seek advice based on their particular circumstances from an independent tax adviser.

**Notwithstanding anything in this Prospectus to the contrary, each prospective investor (and each employee, representative or other agent of the prospective investor) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of any offering and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective investor relating to such U.S. tax treatment and U.S. tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.**

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

This Prospectus is being submitted on a confidential basis in the United States to a limited number of QIBs (as defined under "*Form of the Notes*") for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from the registration requirements under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act ("**Rule 144A**").

Each purchaser or holder of Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together "**Restricted Notes**") will be deemed, by its acceptance or purchase of any such Restricted Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of the Notes*".

## NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR

QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

#### **AVAILABLE INFORMATION**

If the Guarantor ceases to be a reporting company under the Exchange Act (as defined below), in order to permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer will undertake in a deed poll (the "**Deed Poll**") to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer and the Guarantor are neither reporting companies under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder. The Guarantor is currently a reporting company under the Exchange Act.

#### **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

The Issuer and the Guarantor are companies incorporated in England. All of their directors reside outside the United States and all or a substantial portion of the assets of the Issuer and the Guarantor are located outside the United States. As a result, it may not be possible for investors to effect service of process outside England upon the Issuer or the Guarantor, or to enforce judgments against them obtained in the United States predicated upon civil liabilities of the Issuer or the Guarantor or such directors under laws other than English including any judgment predicated upon United States federal securities laws. The Issuer and the Guarantor have been advised that there is doubt as to the enforceability in England in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

#### **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

All references in this document to "**Euro**", "**euro**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended; references to "**U.S. dollars**", "**U.S.\$**" and "**\$**" are to the currency of the United States of America; and references to "**Sterling**" and "**£**" are to the currency of the United Kingdom.

Since 1 January 2005 each of the Issuer and the Guarantor maintains their financial books and records and prepares its financial statements in Sterling in accordance with International Financial Reporting Standards ("**IFRS**") as approved by the International Accounting Standards Board ("**IASB**"), interpretations issued by the International Financial Reporting Interpretations Committee ("**IFRIC**") of the IASB that, under European Regulations, are effective and available for early adoption at the Group's reporting date. The Group has complied with IFRS as issued by the IASB in addition to complying with its legal obligation to comply with IFRS as adopted for use in the European Union. UK GAAP and IFRS differ in certain respects from generally accepted accounting principles in the United States.

## TABLE OF CONTENTS

	Page
DOCUMENTS INCORPORATED BY REFERENCE .....	1
SUMMARY OF THE PROGRAMME .....	3
RISK FACTORS.....	36
FORM OF THE NOTES .....	61
FORM OF WHOLESALE FINAL TERMS.....	66
FORM OF RETAIL FINAL TERMS.....	105
GENERAL TERMS AND CONDITIONS OF THE NOTES .....	147
CURRENCY TECHNICAL ANNEX .....	178
EQUITY TECHNICAL ANNEX.....	186
EQUITY INDEX TECHNICAL ANNEX .....	207
FUNDS TECHNICAL ANNEX.....	218
CREDIT TECHNICAL ANNEX .....	232
REGIONAL ANNEX .....	292
USE OF PROCEEDS .....	298
DESCRIPTION OF ABBEY NATIONAL TREASURY SERVICES PLC .....	299
DESCRIPTION OF ABBEY NATIONAL PLC AND THE ABBEY NATIONAL GROUP .....	301
BOOK-ENTRY CLEARANCE SYSTEMS.....	307
TAXATION .....	311
SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS .....	321
GENERAL INFORMATION .....	335

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes (provided that, in the case of any Tranche of Notes to be admitted to trading on a regulated market in the European Economic Area, the aggregate principal amount of Notes allotted does not exceed 105.00 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Prospectus and have been approved by the FSA or filed with it, shall be deemed to be incorporated in, and to form part of, this Prospectus and the Base Prospectus set out in this Prospectus and approved by the FSA for the purpose of the Prospectus Directive:

- (1) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2008, which appear on pages 10 to 66 of the Issuer's Annual Report and Accounts for the year ended 31 December 2008;
- (2) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2007, which appear on pages 6 to 53 of the Issuer's Annual Report and Accounts for the year ended 31 December 2007;
- (3) the audited consolidated annual financial statements of the Guarantor for the financial year ended 31 December 2008, which appear on pages 69 to 137 of the Guarantor's Annual Report and Accounts for the year ended 31 December 2008;
- (4) the audited consolidated annual financial statements of the Guarantor for the financial year ended 31 December 2007, which appear on pages 60 to 125 of the Guarantor's Annual Report and Accounts for the year ended 31 December 2007;
- (5) the section titled "Business and Financial Review" on pages 5 to 56 of the Guarantor's Annual Report and Accounts for the year ended 31 December 2008;
- (6) the audited consolidated annual financial statements of Alliance & Leicester plc ("**A&L**") for the financial year ended 31 December 2008, which appear on pages 43 to 101 of A&L's Annual Report and Accounts for the year ended 31 December 2008;
- (7) the audited consolidated annual financial statements of A&L for the financial year ended 31 December 2007, which appear on pages 43 to 104 of A&L's Annual Report and Accounts for the year ended 31 December 2007,

provided also that any statement contained in a document, all or the relevant portion of which is incorporated by reference herein, shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus modifies or supersedes such earlier statement (whether expressly, by implication or otherwise) and provided that any document incorporated by reference into any of the documents referred to in paragraphs (1) to (4) above shall not form part of the Base Prospectus approved by the UK Listing Authority for the purpose of the Prospectus Directive. Each document incorporated by reference in this Prospectus is available for inspection at the registered office of the Issuer and the Guarantor. Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Prospectus.

In addition to the above, the following terms and conditions of the Notes shall be incorporated by reference in, and form part of, this Prospectus:

- (8) the Terms and Conditions set out on pages 59 to 168 of the Base Prospectus dated 28 March 2007; and
- (9) the Conditions set out on pages 149 to 274 of the Base Prospectus dated 26 March 2008.

In addition, the following documents published or issued prior to the date hereof or published or issued from time to time after the date hereof, except to the extent included in paragraphs (1) through (7) above, shall be deemed to

be incorporated in, and form part of, this Prospectus provided that such documents shall not form part of the Base Prospectus approved by the UK Listing Authority for the purpose of the Prospectus Directive:

- (10) the most recently published Annual Report and Accounts containing audited consolidated and non-consolidated annual financial statements and, if published later, the most recently published Interim Financial Results containing interim consolidated and non-consolidated financial statements (if any) of the Guarantor and the most recently published Guarantor's Annual Report on Form 20-F as filed with the SEC, as the same may be amended from time to time;
- (11) the most recently published Annual Report and Accounts containing audited consolidated and non-consolidated annual financial statements of the Issuer; and
- (12) all supplements or amendments to this Prospectus circulated by the Issuer and/or the Guarantor from time to time.

For the avoidance of doubt the documents referred to in paragraphs (10) to (12) above do not form part of the Base Prospectus approved by the UK Listing Authority for the purpose of the Prospectus Directive.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a subsequent statement which is deemed to be incorporated by reference herein or contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise), (provided, however, that such statement shall only form part of the Base Prospectus to the extent that it is contained in a document, all of the relevant portion of which is incorporated by reference by way of a supplement proposed in accordance with Article 16 of the Prospectus Directive). Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Prospectus.

Copies of the documents incorporated by reference in this Prospectus, listed in (1) to (9) above, can be obtained without charge from the RNS website.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes. The Issuer and the Guarantor have undertaken to the Dealers in the Programme Agreement (as defined in "*Subscription and Sale and Transfer and Selling Restrictions*" herein) that they will comply with section 87 of the FSMA.



## SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Prospectus and any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Each of the Italian, Spanish and Portuguese translations of this "Summary of the Programme" which appears on pages 11, 19 and 27, respectively, herein, is an accurate, complete and direct translation of the English original text.

*Words and expressions defined in "Form of the Notes" and "General Terms and Conditions of the Notes" shall have the same meanings in this summary. Immediately following this section Italian, Spanish, and Portuguese translations of this section are included.*

<b>Issuer:</b>	Abbey National Treasury Services plc.
<b>Guarantor:</b>	Abbey National plc.
<b>Description of Issuer and Guarantor:</b>	The Guarantor is the parent company of the Abbey National Group which provides financial services in the U.K. The Guarantor was incorporated in England and Wales in 1988 (registration number 2294747). The Issuer is a wholly-owned subsidiary of the Guarantor and was incorporated in England and Wales in 1989 (registration number 2338548). Both the Issuer and the Guarantor are limited liability companies established under the laws of England and Wales, both having the status of a bank. The Guarantor and the Issuer form part of Grupo Santander.
<b>Description of Programme:</b>	Global Structured Note Programme.
<b>Programme Size:</b>	Up to €2,000,000,000 (or its equivalent in the relevant currency) outstanding at any time.
<b>Distribution:</b>	The Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Arranger:</b>	Abbey National Treasury Services plc trading as Santander Global Banking & Markets.
<b>Dealers:</b>	Abbey National Treasury Services plc trading as Santander Global Banking & Markets, Banco Santander S.A. and/or any other Dealers appointed in accordance with the Programme Agreement.
<b>Calculation Agent:</b>	Abbey National Treasury Services plc, unless otherwise specified in the Final Terms.
<b>Principal Paying Agent:</b>	Citibank, N.A., London, or as otherwise specified in the Final Terms.

<b>Registrar:</b>	Citigroup Global Markets Deutschland AG & Co. KGaA. and/or as otherwise specified in the Final Terms.
<b>Paying Agents:</b>	Citibank, N.A., London, and/or as otherwise specified in the Final Terms.
<b>Issuing and Paying Agent for Swedish Notes:</b>	Nordea Bank AB (publ)
<b>Currencies:</b>	Subject to any legal or regulatory restrictions, any currency indicated in the applicable Final Terms.
<b>Redenomination:</b>	The applicable Final Terms may provide that certain Notes may be redenominated.
<b>Maturities:</b>	Subject to any applicable legal or regulatory restrictions and the rules from time to time of any relevant central bank (or equivalent body), such maturity as indicated in the applicable Final Terms.
<b>Issue Price:</b>	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par, each as indicated in the applicable Final Terms.
<b>Form of Notes:</b>	The Notes will be issued in bearer or registered (or inscribed) form as described in " <i>Form of the Notes</i> ". Notes issued in bearer form may also be issued in new global note ("NGN") form. Registered Notes will not be exchangeable for Bearer Notes or <i>vice versa</i> . Swedish Notes will be issued in uncertificated book entry form and will not be evidenced by any physical note or document of title. Entitlements to Swedish Notes will be evidenced by the crediting of Swedish Notes to the account with Euroclear Sweden.
<b>Type of Notes:</b>	<p>The following types of Notes may be issued under the Programme:</p> <ul style="list-style-type: none"> <li>(i) <b>"Fixed Rate Notes"</b>, being Notes for which interest will be payable on such date or dates as indicated in the applicable Final Terms and on redemption, and such interest will be calculated on the basis of such Day Count Fraction as specified in the applicable Final Terms;</li> <li>(ii) <b>"Floating Rate Notes"</b>, being Notes which bear interest at a rate determined: <ul style="list-style-type: none"> <li>(1) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</li> <li>(2) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li> <li>(3) on such other basis as indicated in the applicable Final Terms.</li> </ul> </li> </ul> <p>The Margin (if any) relating to such floating rate will be indicated in the applicable Final Terms. Floating Rate Notes may also have a maximum</p>

interest rate, a minimum interest rate or both. Interest will be calculated on the basis of such Day Count Fraction as specified in the relevant Final Terms;

- (iii) "**Dual Currency Notes**", being Notes for which payments (whether in respect of principal and/or interest and whether at maturity or otherwise) will be made in such currency(ies), and based on such rate(s) of exchange, as indicated in the applicable Final Terms;
- (iv) "**Zero Coupon Notes**", being Notes which will be offered and sold at a discount to their nominal amount and will not bear interest;
- (v) "**Non-Interest Bearing Notes**", being Notes which do not bear interest;
- (vi) "**Partly-Paid Notes**", being Notes issued on a partly-paid basis in which case interest will accrue on the paid-up amount of such Notes or on such other basis as may be agreed between the Issuer and the relevant Dealer and indicated on the applicable Final Terms. While any part payments of the subscription monies due from the holder of the Partly-Paid Notes are overdue, no interest in a temporary or permanent global Note representing such Notes may be exchanged for Definitive Bearer Notes;
- (vii) "**Equity Linked Notes**", being Notes in respect of which payments (whether in respect of principal and/or interest and whether at maturity or otherwise) and/or deliveries will be calculated by reference to an equity security or basket of equity securities, including, but not limited to, single shares, a portfolio of shares and Depositary Receipts;
- (viii) "**Equity Index Linked Notes**", being Notes in respect of which payments (whether in respect of principal and/or interest and whether at maturity or otherwise) will be calculated by reference to a particular index or basket of indices, where such index or indices may reference one or more equity securities;
- (ix) "**Inflation Linked Notes**", being Notes in respect of which payments (whether in respect of principal and/or interest and whether at maturity or otherwise) will be calculated by reference to one or more inflation/consumer price indices and/or formula;
- (x) "**Commodity Linked Notes**", being Notes in respect of which payments (whether in respect of principal and/or interest and whether at maturity or otherwise) will be calculated by reference to a particular commodity or commodities, or a particular index or indices comprising various commodities;
- (xi) "**Currency Linked Notes**", being Notes in respect of which payments (whether in respect of principal and/or interest, whether in a currency other than the Specified Currency and whether at maturity or otherwise) will be calculated by reference to a particular foreign exchange rate or rates;
- (xii) "**Fund Linked Notes**", being Notes in respect of which payments (whether in respect of principal and/or interest and whether at maturity or otherwise) will be calculated by reference to units, interests or shares of a particular fund or basket of funds including but not limited to hedge funds or

exchange traded funds;

- (xiii) "**Property Linked Notes**", being Notes in respect of which payments (whether in respect of principal and/or interest and whether at maturity or otherwise) will be calculated by reference to a particular property index or indices; and
- (xiv) "**Credit Linked Notes**", being Notes relating to the credit of a Reference Entity or Entities, a Reference Obligation, a Valuation Obligation of a basket of Reference Obligations or Valuation Obligations or Reference Entities comprised in a particular index or indices and/or related Reference Obligations or Valuation Obligations.

Other types of Notes may from time to time be issued under the Programme and the Final Terms pertaining to the issue of any such Notes will specify all the terms and conditions applicable thereto, which may or may not include certain or all of the terms and conditions set out in the General Terms and Conditions of the Notes contained herein.

**Interest:**

Interest periods, rates of interest and the terms of and/or amounts payable on any interest payment date may differ depending on the Notes being issued and such terms will be specified in the applicable Final Terms.

**Redemption:**

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for following an Event of Default or for certain other specified events) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity or automatically upon the occurrence of certain specified events and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer as indicated in the applicable Final Terms.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

**Denomination of Notes:**

Notes will be issued in such denominations as indicated in the applicable Final Terms save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

No sales of Restricted Notes in the United States to any one purchaser will be for less than U.S.\$100,000 (or its equivalent in the relevant currency).

**Taxation:**

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction unless such deduction is required as provided in General Condition 8 (*Taxation*). In the event that any such deduction is required, neither the Issuer nor, as the case may be, the Guarantor will be required to pay any additional amounts to cover the amounts so deducted.

**Events of Default:** The terms of the Notes will contain, amongst others, the following events of default:

- (a) default in payment of principal or interest due in respect of the Notes, continuing for a specified period of time;
- (b) non-performance or non-observance by the Issuer or the Guarantor of any of its obligations under the Terms and Conditions of the Notes, the Guarantee or the Agency Agreement continuing for a specified period of time; and
- (c) events relating to the insolvency or winding-up of the Issuer or the Guarantor.

It should be noted, however, that it is a condition precedent to a relevant event being treated as an event of default that at least twenty-five per cent. (25%) in nominal amount of Noteholders have requested this.

**Status of the Notes:** The Notes will constitute direct, unconditional and unsecured obligations of the Issuer and will rank *pari passu* without preference among themselves and, subject as to any applicable statutory provisions or judicial order, at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

**Guarantee:** The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under such guarantee will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and will rank *pari passu* with all present and future, unsecured and unsubordinated obligations (including those arising under deposits received in its banking business) of the Guarantor, without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.

**Guarantee by A&L:** A&L has granted a guarantee in respect of Abbey National's unsubordinated liabilities incurred prior to 31 July 2012 and in turn Abbey National has granted a guarantee in respect of A&L on a substantially similar basis. A&L is not a Guarantor under the Programme.

**Use of Proceeds:** The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue of Notes, there is a particular identified use of proceeds, in addition to or other than the foregoing, this will be stated in the applicable Final Terms.

**Rating:** If any issue of Notes under the Programme is to be rated, the rating of such Notes will be specified in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Listing and Admission to Trading:** Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market.

The Notes may also be listed or admitted, as the case may be, on other or further stock exchange(s) or markets as indicated in the applicable Final Terms in relation

to each Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

**Governing Law:** The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

**Selling Restrictions:** Restrictions on the offer, sale and transfer of Notes are set out in the section headed "*Subscription and Sale and Transfer and Selling Restrictions*". Additional selling restrictions may apply as specified in the applicable Final Terms.

**Certain Restrictions:** Each issue of Notes, denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply, will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale and Transfer and Selling Restrictions*").

**Risk Factors:** *Each prospective investor should consult its own financial and legal advisers about the risks associated with an investment in the Notes and the suitability of an investment in the relevant Notes in light of its particular circumstances.*

#### **Risks relating to the Group**

There are certain factors that may affect the Issuer's and the Guarantor's ability to fulfil their obligations under Notes issued under the Programme. These are set out under "*Risk Factors – Risk factors relating to the Issuer*" and "*Risk Factors – Risk factors relating to both the Issuer and the Guarantor*" below and include risks concerning the creditworthiness of the Issuer and the Guarantor, general economic conditions, competition in the financial services industry, regulatory and legislative change, operational risks, potential conflicts of interest and the risk that hedging and trading activity by the Issuer, the Guarantor or any of their affiliates may affect the value of Notes.

#### **Risks relating to investment in the Notes**

Risks relating to investment in the Notes depend on their features and may include, *inter alia*, the following, all of which are more fully described under "*Risk Factors – General risks relating to investments in the Notes*":

- (i) any optional redemption of the Notes by the Issuer (where such a feature is applicable), which may be made at times when the prevailing interests rates are relatively low resulting in a lower amount than expected on redemption,
- (ii) limited and/or volatile market value of the Notes,
- (iii) redemption when reinvestment circumstances are not advantageous for a Noteholder,
- (iv) reduced or no payment of interest,

- (v) payment of principal or interest at a different time or in a different currency than expected and/or
- (vi) loss of all or part of a Noteholder's initial investment or anticipated return on such investment which may be due to the Notes (or the payment of principal or interest under the Notes) being:
  - (a) subject to optional redemption by the Issuer,
  - (b) determined by reference to an index, formula, asset or other reference factor (such as securities, commodities, fund units, exchange rates, etc.),
  - (c) payable in various currencies,
  - (d) payable, as to their issue price, in instalments,
  - (e) subject to caps, floors, leverage or other factors or any combination thereof,
  - (f) subject to an inverse floating rate of interest,
  - (g) subject to a fixed-to-floating (or floating-to-fixed) rate of interest,
  - (h) issued at a discount or premium from their principal amount,
  - (i) subject to decreases in interest or principal payable depending on changes in the creditworthiness of a Reference Entity or Reference Obligation, and/or
  - (j) payments of principal or interest being linked to the occurrence or non-occurrence of certain events beyond the control of the Issuer and (if applicable) the Guarantor.

Other risks relating to the Notes include:

- (i) binding decisions of meetings of Noteholders,
- (ii) no payment of additional amounts (in certain circumstances) in relation to taxes withheld from payments under the Notes,
- (iii) changes in law,
- (iv) lack of a liquid secondary trading market for the Notes,
- (v) Noteholders receiving payments in a currency other than that of their financial activities,
- (vi) changes in interest rates,
- (vii) in relation to any issue of Notes which have a minimum denomination and are tradable in the clearing systems in amounts above such minimum denomination which is smaller, an investor not receiving all of its entitlement if definitive Notes are issued,

- (viii) credit ratings, where provided in the applicable Final Terms, not reflecting all risks relating to the Notes,
- (ix) certain investors being subject to laws and regulations or review or regulation by certain authorities,
- (x) the fact that the Notes may not be a suitable investment for all investors and/or
- (xi) the fact that the Notes may be subject to certain transfer restrictions.

In addition, for certain of the above Notes, various events in relation to the relevant underlying asset or reference basis may lead to adjustments to or early redemption of the Notes and there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme (see "*Risk Factors – Risks related to the market generally*").



## Italian Translation of Summary of Programme

### NOTA DI SINTESI DEL PROGRAMMA

La presente nota di sintesi deve essere letta come una introduzione al presente Prospetto e qualsiasi decisione di investire nei Titoli si deve basare sull'esame completo del presente Prospetto e dei documenti ivi inclusi tramite riferimento. A seguito dell'attuazione delle relative disposizioni della Direttiva Prospetti in ciascun Stato membro dell'Area Economica Europea, i Soggetti Responsabili nei singoli Stati membri non dovranno rispondere civilmente sulla base unicamente della presente nota di sintesi, comprese le relative traduzioni di questo documento, a meno che essa sia fuorviante, inesatta o incompatibile quando letta assieme alle altre parti di questo Prospetto. Qualora sia promossa presso un tribunale di uno Stato membro dell'Area Economica Europea un'azione legale avente ad oggetto le informazioni contenute in questo Prospetto, potrà essere richiesto al ricorrente di sostenere, ai sensi dalla legislazione nazionale dello Stato membro in cui l'azione legale è promossa, i costi di traduzione del Prospetto, prima che inizi il procedimento giudiziario.

Ognuna delle traduzioni della presente "Nota di Sintesi", in italiano, spagnolo e portoghese rispettivamente alle pagine 11, 19 e 27, è una traduzione accurata, completa e diretta dell'originale testo in inglese.

*Le parole e le espressioni definite nei capitoli "Form of the Notes " e "General Terms and Conditions of the Notes " mantengono lo stesso significato nella nota di sintesi*

<b>Emittente:</b>	Abbey National Treasury Services plc.
<b>Garante:</b>	Abbey National plc.
<b>Descrizione dell'Emittente e del Garante:</b>	Il Garante è la società capogruppo dell'Abbey National Group che presta servizi finanziari nel Regno Unito. Il Garante è stato costituito in Inghilterra e Galles nel 1988 (col numero di registrazione 2294747). L'Emittente è una società interamente controllata dal Garante ed è stata costituita in Inghilterra e Galles nel 1989 (col numero di registrazione 2338548). Tanto l'Emittente quanto il Garante sono società a responsabilità limitata costituite secondo il diritto di Inghilterra e Galles, ed entrambe hanno lo status di istituto bancario. Il Garante e l'Emittente appartengono al Gruppo Santander.
<b>Descrizione del Programma:</b>	Programma Globale di Titoli Strutturati.
<b>Ammontare del Programma:</b>	Fino a €2.000.000.000 (o il corrispondente controvalore in altre valute) in circolazione in qualsiasi momento.
<b>Distribuzione:</b>	I Titoli possono essere distribuiti tramite collocamento pubblico o privato e, in ciascun caso, su base sindacata o non sindacata.
<b>Arranger (Coordinatore):</b>	Abbey National Treasury Services plc che svolge attività di <i>trading</i> come Santander Global Banking & Markets.
<b>Dealers (Collocatori):</b>	Abbey National Treasury Services plc che svolge attività di <i>trading</i> come Santander Global Banking & Markets, Banco Santander S.A. e/o qualsiasi altro <i>Dealer</i> designato ai sensi del <i>Programme Agreement</i> .
<b>Agente di Calcolo:</b>	Abbey National Treasury Services plc, salvo diversamente specificato nelle Condizioni Definitive ( <i>Final Terms</i> ).
<b>Agente di Pagamento Principale:</b>	Citibank, N.A., London. o come altrimenti specificato nelle Condizioni Definitive.

<b>Conservatore del Registro:</b>	Citigroup Global Markets Deutschland AG & Co. KGaA. e/o come altrimenti specificato nelle Condizioni Definitive.
<b>Agenti Pagatori:</b>	Citibank, N.A., London., e/o come altrimenti specificato nelle Condizioni Definitive.
<b>Agente VPC per l'Emissione e il Pagamento in relazione ai Titoli svedesi:</b>	Nordea Bank AB (publ)
<b>Valute:</b>	Subordinatamente alle limitazioni legali o normative, qualsiasi valuta indicata nelle Condizioni Definitive applicabili.
<b>Ridenominazione:</b>	Le specifiche Condizioni Definitive possono prevedere la ridenominazione di alcuni Titoli.
<b>Scadenze:</b>	Subordinatamente alle limitazioni legali o normative in vigore e alle norme emanate di volta in volta dalla relativa banca centrale (o organo equivalente), la scadenza indicata nelle specifiche Condizioni Definitive.
<b>Prezzo di Emissione:</b>	I Titoli possono essere emessi su base interamente pagata o parzialmente pagata e ad un prezzo di emissione che può essere alla pari o con sconto rispetto alla pari o con premio rispetto alla pari, ognuno come indicato nelle specifiche Condizioni Definitive.
<b>Forma dei Titoli:</b>	I Titoli saranno emessi nella forma al portatore o in forma nominativa (o iscritti nel registro) come descritto in " <i>Forma dei Titoli</i> ". I Titoli emessi al portatore possono essere emessi anche in forma di nuovo titolo globale ( <i>new global note</i> "NGN"). I Titoli nominativi non possono essere scambiati con Titoli al portatore e vice versa. I Titoli svedesi saranno emessi in forma di registrazione non certificata e non saranno attestati da alcun titolo in forma fisica ovvero da alcuna certificazione di proprietà. I diritti relativi ai Titoli svedesi saranno attestati tramite l'accredito dei Titoli svedesi sul conto presso Euroclear Svezia.
<b>Tipologia dei Titoli:</b>	Nell'ambito del Programma possono essere emessi i seguenti tipi di Titoli: <ul style="list-style-type: none"> <li>(i) "<b>Titoli a Tasso Fisso</b>", sono Titoli i cui interessi sono da pagare alla data o date indicate nelle Specifiche Condizioni Definitive e al momento del rimborso, e detti interessi saranno calcolati secondo la Base di Calcolo (<i>Day Count Fraction</i>) specificata nelle Specifiche Condizioni Definitive;</li> <li>(ii) "<b>Titoli a Tasso Variabile</b>", sono Titoli che fruttano interessi ad un tasso determinato: <ul style="list-style-type: none"> <li>(1) sulla stessa base del tasso di interesse variabile in base ad un contratto nozionale <i>swap</i> su tassi di interesse nella relativa Valuta Specificata, regolato da un contratto che incorpora le "<i>2006 ISDA Definitions</i>" (come pubblicate dalla International Swaps and Derivatives Association, Inc., e successive modifiche, aggiornato alla Data di Emissione della prima Tranche di Titoli della relativa Serie); oppure</li> <li>(2) in base al tasso di riferimento visualizzato sulla pagina video</li> </ul> </li> </ul>

concordata di un servizio di quotazioni commerciale; oppure

- (3) su qualsiasi altra base indicata nelle specifiche Condizioni Definitive.

L'eventuale Margine relativo al tasso variabile sarà indicato nelle specifiche Condizioni Definitive. I Titoli a Tasso Variabile possono avere anche un tasso di interesse massimo, un tasso di interesse minimo o entrambi. L'interesse sarà calcolato secondo la Base di Calcolo specificata nelle relative Condizioni Definitive;

- (iii) "**Titoli a Doppia Valuta**", si tratta di Titoli i cui pagamenti (sia per il capitale e/o gli interessi e sia a scadenza o in altro modo) saranno eseguiti nella valuta/e e in base al tasso/i di cambio indicati nelle relative Condizioni Definitive;
- (iv) "**Titoli Zero Coupon**", si tratta di Titoli offerti e venduti con sconto rispetto al loro valore nominale e che non corrispondono interessi;
- (v) "**Titoli Infruttiferi**", sono Titoli che non corrispondono interessi;
- (vi) "**Titoli Parzialmente Pagati**", si tratta di Titoli emessi in base ad un pagamento parziale e, in tal caso, gli interessi maturano sull'ammontare già pagato dei Titoli o su altra base concordata tra l' Emittente e il relativo Dealer e indicata nelle relative Condizioni Definitive. Fino a quando sono esigibili i pagamenti parziali del prezzo di sottoscrizione da parte del detentore di Titoli Parzialmente Pagati, non potrà essere scambiato alcun diritto su un Titolo globale permanente o temporaneo che rappresenti i Titoli Parzialmente Pagati con Titoli Definitivi al Portatore (*definitive Bearer Notes*);
- (vii) "**Titoli Equity Linked** ", si tratta di Titoli i cui pagamenti (sia per il capitale e/o gli interessi e sia a scadenza o in altro modo) e/o consegna saranno calcolati in riferimento ad un titolo azionario o ad un paniere di titoli azionari, comprese, ma non solo, le singole azioni, un portafoglio di azioni e le Ricevute di Deposito;
- (viii) "**Titoli Equity Index Linked**", si tratta di Titoli i cui pagamenti (sia per il capitale e/o gli interessi e sia a scadenza o in altro modo) saranno calcolati in riferimento ad un particolare indice o paniere di indici, laddove l'indice o gli indici possono riferirsi ad uno o più titoli azionari;
- (ix) "**Titoli Inflation Linked**", si tratta di Titoli i cui pagamenti (sia per il capitale e/o gli interessi e sia a scadenza o in altro modo) saranno calcolati in riferimento uno o più indici e/o formula di inflazione/prezzi al consumo;
- (x) "**Titoli Commodity Linked**", si tratta di Titoli i cui pagamenti (sia per il capitale e/o gli interessi e sia a scadenza o in altro modo) saranno calcolati in riferimento ad una particolare *commodity* o *commodities*, oppure ad un particolare indice o indici che raggruppano varie *commodities*;
- (xi) "**Titoli Currency Linked**", si tratta di Titoli i cui pagamenti (sia per il capitale che per gli interessi, sia perché in una valuta diversa rispetto alla Valuta Indicata e sia a scadenza o in altro modo) saranno calcolati in

riferimento ad un particolare tasso o tassi di cambio;

- (xii) "**Titoli *Fund Linked***", si tratta di Titoli i cui pagamenti (sia per il capitale che per gli interessi e sia a scadenza o in altro modo) saranno calcolati in riferimento a quote, partecipazioni o azioni di un particolare fondo o paniere di fondi, compresi, a titolo puramente esemplificativo, gli *hedge funds* o gli *exchange traded funds*;
- (xiii) "**Titoli *Property Linked***", si tratta di Titoli i cui pagamenti (sia per il capitale e/o gli interessi e sia a scadenza o in altro modo) saranno calcolati in riferimento ad un particolare indice o indici immobiliari;
- (xiv) "**Titoli *Credit Linked***", si tratta di Titoli correlati al credito di una o più Entità di Riferimento, Attività di Riferimento, Attività di Valutazione di un Paniere di Attività di Riferimento o Attività di Valutazione o di Entità di Riferimento facenti parte di un particolare indice o indici e/o le correlate Attività di Riferimento o Attività di Valutazione.

Di volta in volta potranno essere emessi altri tipi di Titoli in base al Programma, e le Condizioni Definitive pertinenti all'emissione di tali Titoli specificheranno i termini e le condizioni ad essi applicabili, i quali potranno includere o meno una parte o tutti i termini e condizioni riportati nei Termini e Condizioni Generali dei Titoli esposti in questo documento.

**Interesse:**

I periodi di interesse, i tassi di interesse e i termini e/o le somme da pagare in qualsiasi data di pagamento dell'interesse possono essere diversi a seconda dei Titoli in emissione, e detti termini saranno indicati nelle specifiche Condizioni Definitive.

**Rimborso:**

Le Condizioni Definitive applicabili indicheranno se i relativi Titoli non possono essere rimborsati prima della scadenza prestabilita (diversamente dalle rate specificate, se applicabile, oppure a seguito di un Inadempimento (*Event of Default*) oppure in occasione di altri casi specificati) oppure se detti Titoli saranno rimborsabili a scelta dell'Emittente e/o dei Portatori previo avviso dato ai Portatori o all'Emittente, a seconda del caso, nella data o date specificate, con anticipo rispetto a detta data prestabilita oppure automaticamente al prodursi di certi eventi specificati, e al prezzo o ai prezzi ed alle altre condizioni pattuite di comune accordo tra l'Emittente e il relativo *Dealer*, come indicato nelle specifiche Condizioni Definitive.

Le Condizioni Definitive applicabili potranno prevedere per i Titoli la possibilità di rimborso del loro ammontare in due o più rate, e le date in questione saranno indicate nelle relative Condizioni Definitive.

**Taglio dei Titoli:**

I Titoli saranno emessi nei tagli indicati nelle specifiche Condizioni Definitive, fermo restando che il taglio minimo di ogni Titolo sarà quello permesso o richiesto di volta in volta dalla relativa banca centrale (o organismo equivalente) o dalle leggi o normative applicabili alla relativa Specificata Valuta (*Specified Currency*).

La vendita di Titoli soggetti a Limitazione (*Restricted Notes*) a qualsiasi acquirente negli Stati Uniti non potrà verificarsi per un controvalore inferiore a USD100.000 (o l'equivalente nella relativa valuta).

**Regime Fiscale:**

Tutti i pagamenti dei Titoli saranno effettuati senza operare alcuna deduzione fiscale per o a titolo di ritenute applicate nelle relative giurisdizioni tributarie, eccetto il caso in cui tale deduzione sia richiesta come indicato nella Condizione Generale 8 (*Tassazione*). Qualora un'adeguata deduzione sia imposta, né l'Emittente, né il Garante, a seconda del caso, avranno l'obbligo di corrispondere somme aggiuntive a copertura degli importi trattenuti.

**Casi di Inadempimento:**

Le clausole dei Titoli prevedranno, tra l'altro, i seguenti casi di inadempimento:

- (a) mancato pagamento del capitale o degli interessi per i Titoli che continui per un periodo di tempo specificato;
- (b) mancata esecuzione o inosservanza da parte dell'Emittente o del Garante di qualsiasi sua obbligazione prevista nei Termini e Condizioni Generali dei Titoli, nella Garanzia o nell'*Agency Agreement* che continua per un periodo di tempo specificato;
- (c) casi correlati a insolvenza o a liquidazione dell'Emittente e del Garante.

Va tuttavia osservato che, quale condizione sospensiva al fine di poter considerare un evento come un caso di inadempimento (*event of default*), è previsto che almeno il 25% (venticinque per cento) in valore nominale dei Portatori (*Noteholders*) debba richiedere ciò.

**Status dei Titoli:**

I Titoli costituiscono obbligazioni dirette, incondizionate e non garantite dell'Emittente e concorrono *pari passu* e senza preferenza tra loro ed hanno, fatto salvo eventuali disposizioni legislative o provvedimenti giudiziari applicabili, almeno lo stesso livello di tutte le altre obbligazioni dell'Emittente, presenti e future, non garantite e non subordinate.

**Garanzia:**

I Titoli saranno incondizionatamente e irrevocabilmente garantiti dal Garante. Le obbligazioni del Garante ai sensi della predetta garanzia costituiscono obbligazioni dirette, incondizionate, non garantite e non subordinate del Garante e concorrono *pari passu* e senza preferenza con tutte le altre obbligazioni presenti e future, non garantite e non subordinate del Garante (comprese quelle derivanti dai depositi ricevuti attraverso la sua attività bancaria) senza preferenza tra loro e senza preferenza di una rispetto all'altra quanto a priorità della data di emissione, valuta di pagamento o ad altro titolo, salvo le obbligazioni la cui priorità è stabilita dalla legge.

**Garanzia di A&L**

A&L ha concesso una garanzia in relazione ai debiti non subordinati contratti da Abbey National prima del 31 luglio 2012; a sua volta, Abbey National ha concesso una garanzia nei confronti di A&L, basata su presupposti sostanzialmente analoghi. A&L non assume il ruolo di Garante ai sensi del Programma.

**Impiego dei Proventi:**

I ricavi netti da ogni emissione di Titoli saranno impiegati dall'Emittente per scopi generali aziendali. Le relative Condizioni Definitive specificheranno se i proventi che riguardano una particolare emissione di Titoli saranno destinati ad un particolare utilizzo in aggiunta o diverso rispetto a quello citato.

**Rating:** Se una qualsiasi emissione di Titoli ai sensi del Programma deve ottenere la valutazione del credito (*rating*), tale rating sarà indicato nelle specifiche Condizioni Definitive. Il *rating* di un valore mobiliare non è una raccomandazione ad acquistare, vendere o possedere valori mobiliari, e può essere sospeso, ridotto o revocato in qualsiasi momento da parte dell'agenzia che lo ha assegnato.

**Quotazione e Ammissione alla Negoziazione:** E' stata presentata all'autorità di quotazione del Regno Unito (UK Listing Authority) la richiesta di ammettere i Titoli emessi nell'ambito del Programma alla Lista Ufficiale (Official List), e alla Borsa di Londra (London Stock Exchange) la richiesta di ammissione di tali Titoli alla negoziazione presso il mercato regolamentato della Borsa di Londra (*London Stock Exchange's Regulated Market*).

I Titoli potranno anche essere quotati o ammessi, a seconda del caso, in altre o ulteriori borse valori o mercati come indicato nelle specifiche Condizioni Definitive per le singole Serie. Potranno essere emessi anche Titoli che non sono quotati né ammessi alle negoziazioni in alcun mercato.

Le Condizioni Definitive applicabili stabiliranno se i relativi Titoli dovranno essere quotati e/o ammessi alla negoziazione e, in caso affermativo, in quale borsa valori e/o mercato.

**Legge regolatrice:** I Titoli e qualsiasi altra obbligazione non contrattuale sorta in relazione ai Titoli saranno regolati dal e stipulati secondo il diritto inglese.

**Restrizioni alla Vendita:** Le limitazioni all'offerta, vendita e trasferimento dei Titoli sono espone nella sezione intitolata "*Subscription and Sale and Transfer and Selling Restrictions*"). Ulteriori limitazioni alla vendita possono essere applicate come specificato nelle Condizioni Definitive.

**Particolari restrizioni:** Ogni emissione di Titoli, denominati in una valuta rispetto alla quale si applicano particolari leggi, linee guida, normative, restrizioni o obblighi di informativa, si realizzerà soltanto in circostanze che adempiano di volta in volta a dette leggi, linee guida, normative, restrizioni o obblighi di informativa (si veda "*Subscription and Sale and Transfer and Selling Restrictions*").

**Fattori di Rischio:** *Ogni potenziale investitore dovrebbe richiedere ai propri consulenti finanziari e legali di fiducia un parere per quanto riguarda i rischi associati all'investimento nei Titoli e sull'opportunità dell'investimento in un particolare Titolo, tenuto conto della propria situazione.*

#### **Rischi relativi al Gruppo**

Vi sono alcuni fattori di rischio che possono incidere sulla capacità dell'Emittente e del Garante di adempiere alle rispettive obbligazioni derivanti dai Titoli emessi nell'ambito del Programma. Tali fattori sono descritti più avanti in "*Risk Factors – Risk Factors relating to the Issuer*" e "*Risk Factors – Risks relating to both the Issuer and the Guarantor*" e comprendono i rischi relativi al merito di credito dell'Emittente e del Garante, alle condizioni economiche generali, alla concorrenza nel campo dei servizi finanziari, alle modifiche legislative e regolamentari, ai rischi operativi, ai potenziali conflitti di interesse e il rischio che l'attività di copertura e di *trading* svolte dall'Emittente, dal Garante o da una qualsiasi loro collegata possa incidere sul valore dei Titoli.

### **Rischi relativi all'investimento in Titoli**

I rischi che comporta l'investimento in Titoli dipendono dalla loro tipologia e possono includere, tra l'altro, i seguenti rischi, tutti peraltro meglio descritti nella sezione "*Risk Factors – General Risks relating to investment in the Notes*":

- (a) qualsiasi rimborso dei Titoli su opzione dell'Emittente (qualora tale modalità sia applicabile), che venga effettuato al momento in cui i tassi di interesse correnti siano relativamente bassi risultando quindi in un ammontare inferiore rispetto all'ammontare atteso al rimborso,
- (b) valore di mercato dei Titoli limitato e/o soggetto ad oscillazioni,
- (c) rimborso in un periodo in cui le condizioni per il reinvestimento non sono favorevoli per gli Obbligazionisti,
- (d) ridotto o mancato pagamento degli interessi,
- (e) pagamento del capitale o degli interessi in un momento differente e/o in una valuta differente rispetto a quanto atteso, e/o
- (f) perdita di tutto o parte dell'investimento iniziale dell'Obbligazionista o del rendimento previsto su tale investimento che sarebbe dovuto in relazione ai Titoli (o il pagamento del capitale o degli interessi dovuti in relazione ai Titoli), in quanto:
  - (i) soggetto al rimborso su opzione dell'Emittente,
  - (ii) determinato con riferimento ad un indice, formula, attività o altri fattori di riferimento (come titoli, *commodities*, quote di fondi, tassi di cambio, ecc.),
  - (iii) pagabile a rate, per quanto concerne il prezzo di emissione,
  - (iv) soggetto all'applicazione di limiti massimi, limiti minimi, moltiplicatori o altri fattori o qualsiasi combinazione di questi,
  - (v) soggetto ad un tasso di interesse variabile inverso,
  - (vi) soggetto ad un tasso d'interesse determinato secondo il meccanismo da "fisso a variabile" (o da "variabile a fisso"),
  - (vii) emesso a sconto o sopra la pari rispetto al valore nominale,
  - (viii) soggetto a decrementi dell'interesse o del capitale pagabile in conseguenza di una variazione nella affidabilità creditizia di un entità di riferimento o di un obbligazione di riferimento, e /o
  - (ix) il pagamento del capitale o degli interessi è collegato al verificarsi o al non-verificarsi di certi eventi fuori dal controllo dell'Emittente e (qualora previsto) del Garante,

Altri rischi collegati ai Titoli includono le seguenti circostanze:

- (A) le decisioni vincolanti dell'assemblea degli obbligazionisti,
- (B) l'assenza di pagamenti di somme aggiuntive (in certe circostanze) in relazione alle imposte trattenute sui pagamenti dovuti in relazione ai Titoli,
- (C) le modifiche legislative,
- (D) la mancanza di un mercato secondario disponibile (liquido) per i Titoli,
- (E) la possibilità che gli Obbligazionisti ricevano i pagamenti in una valuta diversa rispetto a quella utilizzata per le loro attività finanziarie,
- (F) le variazioni dei cambi d'interesse,
- (G) relativamente a ciascuna emissione di Titoli che abbia un valore minimo e sia negoziabile nei *clearing systems* per un ammontare superiore a tale valore minimo, un investitore potrebbe non ricevere tutto ciò a cui avrebbe diritto qualora i Titoli definiti fossero emessi.
- (H) il *credit rating*, qualora ciò sia previsto nelle Condizioni Definitive, potrebbe non rispecchiare tutti i rischi collegati ai Titoli,
- (I) la possibilità che alcuni investitori siano soggetti a leggi e regolamenti o revisione o controllo da alcune autorità,
- (J) certi Titoli non costituiscono investimenti convenienti per tutti gli investitori e/o
- (K) il fatto che certi Titoli possano essere soggetti a certe limitazioni relativamente al loro trasferimento.

Inoltre, per quanto riguarda alcuni Titoli tra quelli sopra menzionati, vari eventi che interessano il relativo attivo di riferimento o la base di riferimento possono determinare aggiustamenti ovvero il rimborso anticipato dei Titoli e sussistono alcuni fattori che sono rilevanti al fine di determinare i rischi di mercato insiti nei Titoli emessi nell'ambito del Programma (si veda "*Risk Factors – Risks related to the market generally*").



## Spanish Translation of Summary of Programme

### RESUMEN DEL PROGRAMA

Este resumen debe leerse como una introducción a este documento y cualquier decisión de inversión en los Bonos deberá basarse en una consideración global del mismo, incluyendo los documentos incorporados como referencia. Tras la implementación de las disposiciones relevantes de la Directiva de Folletos en cada Estado Miembro de la Zona Económica Europea, las Personas Responsables no tendrán responsabilidad civil en ningún Estado Miembro con respecto a este resumen, incluyendo cualquier traducción del mismo, a menos que sea erróneo, inexacto o inconsistente al leerse junto a las otras partes de este documento. Cuando se presente una reclamación ante un tribunal relacionada con información contenida en este Folleto de Base en un Estado Miembro de la Zona Económica Europea, puede requerirse al demandante bajo la legislación nacional del Estado Miembro en el que se presente la demanda, que soporte los costes de la traducción del documento antes de que se inicien los procedimientos legales.

Cada una de las traducciones: italiana, española y portuguesa de este "Resumen del Programa" que aparecen en las páginas 11, 19 y 27, respectivamente son traducciones directas, precisas y completas del texto original en inglés.

*Los términos y expresiones definidos en "Forma de los Bonos" y "Términos y Condiciones Generales de los Bonos" tendrán el mismo significado en este resumen. Inmediatamente después de esta sección, se incluyen traducciones de la misma en italiano, español y portugués.*

<b>Emisor</b>	Abbey National Treasury Services plc.
<b>Avalista:</b>	Abbey National plc.
<b>Descripción el Emisor y del Avalista:</b>	El Avalista es la sociedad matriz de Abbey National Group, que ofrece servicios financieros en el Reino Unido. El Avalista se constituyó en Inglaterra y Gales en 1988 (número de registro 2294747). El Emisor es una filial totalmente participada del Avalista y se constituyó en Inglaterra y Gales en 1989 (número de registro 2338548). Tanto el Emisor como el Avalista son sociedades de responsabilidad limitada constituidas y existentes según las leyes de Inglaterra y Gales, ambas con estatuto de banco. El Avalista y el Emisor pertenecen al Grupo Santander.
<b>Descripción del Programa:</b>	Programa global de bonos estructurados.
<b>Alcance del Programa:</b>	Hasta 2.000.000.000 de euros (o su equivalente en la divisa correspondiente) vigentes en cualquier momento.
<b>Distribución:</b>	Los Bonos pueden distribuirse mediante colocación privada o pública y en cada caso sobre una base sindicada o no sindicada.
<b>Coordinador:</b>	Abbey National Treasury Services plc, actuando como Santander Global Banking & Markets.
<b>Intermediarios:</b>	Abbey National Treasury Services plc, actuando como Santander Global Banking & Markets, Banco Santander S.A. y/o cualquier otro Intermediario designado de conformidad con el Contrato del Programa.

<b>Agente de Cálculo:</b>	Abbey National Treasury Services plc, a menos que se establezca lo contrario en los Términos Finales.
<b>Agente de Pago Principal:</b>	Citibank, N.A., Londres, a menos que se establezca lo contrario en los Términos Finales.
<b>Registrador:</b>	Citigroup Global Markets Deutschland AG & Co. KGaA. a menos que se establezca lo contrario en los Términos Finales.
<b>Agentes de Pago:</b>	Citibank, N.A., London., a menos que se establezca lo contrario en los Términos Finales.
<b>Agente de Emisión y Pago de los Bonos Suecos:</b>	Nordea Bank AB (publ)
<b>Divisas:</b>	Sujeto a cualquier restricción legal o reglamentaria, cualquier divisa establecida en los Términos Finales aplicables.
<b>Redenominación:</b>	Los Términos Finales aplicables pueden establecer que ciertos Bonos pueden redenominarse.
<b>Vencimientos:</b>	Con sujeción a cualquier restricción legal o reglamentaria, y a las normas ocasionales de cualquier banco central correspondiente (u órgano equivalente), el vencimiento se establecerá en los Términos Finales aplicables.
<b>Precio de Emisión:</b>	Los Bonos pueden emitirse sobre una base de pago total o pago parcial y a un precio de emisión que sea nominal, con descuento, o con prima sobre el nominal, tal y como se establece en los Términos Finales aplicables.
<b>Forma de los Bonos:</b>	Los Bonos se emitirán al portador o de forma registrada (o inscrita) según se establece en " <i>Forma de los Bonos</i> ". Los Bonos emitidos al portador también pueden emitirse en forma de nuevo bono global ("NGN", por sus siglas en inglés). Los Bonos registrados no serán intercambiables por Bonos al portador o <i>viceversa</i> . Los Bonos Suecos se emitirán en anotaciones en cuenta ( <i>uncertificatd book entry</i> ) y no serán evidenciados por ningún bono físico o título. El derecho a Bonos Suecos se evidenciará por el crédito de Bonos Suecos en la cuenta bancaria con Euroclear Suecia..
<b>Tipo de Bonos:</b>	Los siguientes tipos de Bonos pueden emitirse bajo el Programa: <ul style="list-style-type: none"> <li>(i) "<b>Bonos de tipo fijo</b>", son Bonos cuyos intereses se pagarán en la fecha o fechas que se establecen en los Términos Finales y en el reembolso, y dichos intereses se calcularán sobre la base del número de días del año (<i>Day Count Fraction</i>) que resulte de aplicación, tal y como se establece en los Términos Finales aplicables;</li> <li>(ii) "<b>Bonos de tipo flotante</b>", son Bonos que conllevan intereses a un tipo determinado: <ul style="list-style-type: none"> <li>(1) sobre la misma base que el tipo flotante bajo una transacción de intercambio de tipo de interés notional en la Divisa Especificada regulada por un contrato que incorpore las Definiciones ISDA 2006 (tal y como ha sido publicado en <i>International Swaps and</i></li> </ul> </li> </ul>

*Derivatives Association, Inc.*, y modificadas y actualizadas en la Fecha de Emisión del primer Tramo de los Bonos de las Series correspondiente); o

- (2) sobre la base de un tipo de referencia que aparezca en la pantalla acordada de un servicio de cotización comercial; o
- (3) sobre otra base que establezcan los Términos Finales aplicables.

El Margen (si lo hubiera) relativo a dicho tipo de interés flotante se establecerá en los Términos Finales. Los Bonos de Tipo Flotante también pueden tener un tipo de interés máximo, un tipo de interés mínimo o ambos. Los intereses se calcularán sobre la base del número de días del año (*Day Count Fraction*) que resulte de aplicación tal y como se establece en los Términos Finales;

- (iii) "**Bonos de divisa dual**", son Bonos cuyos pagos (ya sean respecto al principal y/o intereses, y ya sean al vencimiento o de otro modo) se realizarán en dicha divisa(s) y en función de dicho tipo(s) de cambio, tal y como se establece en los Términos Finales;
- (iv) "**Bonos de Cupón Cero**", son Bonos que se ofrecerán y venderán con descuento respecto a su importe nominal y que no conllevan intereses;
- (v) "**Bonos sin Intereses**", son Bonos que no conllevan intereses;
- (vi) "**Bonos de Pago Parcial**", son Bonos emitidos sobre una base de pago parcial en cuyo caso los intereses se acumularán respecto al importe desembolsado de dichos Bonos o sobre otra base acordada entre el Emisor e Intermediario, tal y como se establece en los Términos Finales aplicables. Aunque cualquier pago parcial del importe de la suscripción debido por el titular de los Bonos de pago parcial haya vencido, ningún interés respecto a un Bono temporal o permanente que represente dichos Bonos podrá intercambiarse por Bonos al portador definitivos;
- (vii) "**Bonos Vinculados a Renta Variable**", son Bonos cuyos pagos (ya sean respecto al principal y/o intereses, y ya sean al vencimiento o de otro modo) y/o rendimientos, se calcularán por referencia a un título de renta variable o cesta de títulos de renta variable, incluyendo, sin limitación, acciones concretas, una cartera de acciones, y Recibos Depositarios;
- (viii) "**Bonos Vinculados a un Índice de Renta Variable**", son Bonos cuyos pagos (ya sean respecto al principal y/o intereses, y ya sean al vencimiento o de otro modo) se calcularán por referencia a un índice concreto o cesta de índices, donde dicho índice o índices pueden referirse a uno o más títulos de renta variable;
- (ix) "**Bonos Vinculados a la Inflación**", son Bonos cuyos pagos (ya sean respecto al principal y/o intereses, y ya sean al vencimiento o de otro modo) se calcularán por referencia a uno o más índices y/o fórmula de inflación/precios de consumo;

- (x) **"Bonos Vinculados a Materias Primas"**, son Bonos cuyos pagos (ya sean respecto al principal y/o intereses, y ya sean al vencimiento o de otro modo) se calcularán por referencia a una materia(s) prima(s) concreta, o a un índice(s) concreto que comprenda diversas materias primas;
- (xi) **"Bonos Vinculados a Divisas"**, son Bonos cuyos pagos (ya sean respecto al principal y/o intereses, ya sean en una divisa distinta a la Divisa Indicada, y ya sean al vencimiento o de otro modo) se calcularán por referencia a un tipo(s) de cambio de divisa concreto;
- (xii) **"Bonos Vinculados a un Fondo de Inversión"**, son Bonos cuyos pagos (ya sean respecto al principal y/o intereses, y ya sean al vencimiento o de otro modo) se calcularán por referencia a unidades, participaciones o acciones de un fondo(s) de inversión concreto o cesta de fondos, incluyendo, sin limitación, hedge funds o fondos cotizados;
- (xiii) **"Bonos Vinculados a un Inmueble"**, son Bonos cuyos pagos (ya sean respecto al principal y/o intereses, y ya sean al vencimiento o de otro modo) se calcularán por referencia a un índice(s) inmobiliario concreto; y
- (xiv) **"Bonos Vinculados a Crédito"**, son Bonos relacionados con el crédito a una Entidad(es) de Referencia, una Obligación de Referencia, una Obligación de Valoración de una cesta de Obligaciones de Referencia u Obligaciones de Valoración o Entidades de Referencia contenidas en un índice(s) concreto y/u Obligaciones de Referencia u Obligaciones de Valoración relacionadas.

Otros tipos de Bonos pueden emitirse ocasionalmente bajo el Programa. Los Términos Finales relativos a la emisión de cualquiera de estos Bonos especificarán todos los términos y condiciones aplicables a los mismos, que pueden incluir o no algunos o todos los términos y condiciones establecidos en los Términos y Condiciones Generales en este documento.

**Interés:**

Los periodos de interés, los tipos de interés y los plazos de los importes y/o los importes pagaderos respecto a cualquier fecha de pago de intereses pueden variar dependiendo de los Bonos a emitir y dichos plazos se especificarán en los Términos Finales aplicables.

**Reembolso:**

Los Términos Finales aplicables establecerán si los Bonos correspondientes no pueden reembolsarse antes de su vencimiento establecido (diferente a los plazos especificados, si fuera aplicable, o tras el suceso de un Supuesto de Incumplimiento o a causa de otros eventos especificados) o si dichos Bonos pueden reembolsarse a elección del Emisor y/o los Titulares de los Bonos tras ofrecer una notificación a los Titulares de los Bonos o al Emisor, según el caso, en una fecha o fechas especificadas antes del vencimiento establecido o automáticamente cuando sucedan ciertos eventos concretos y a un precio(s) y según otros términos acordados entre el Emisor y el Intermediario correspondiente tal y como se establece en los Términos Finales.

Los Términos Finales aplicables pueden establecer que los Bonos puedan reembolsarse en dos o más plazos por los importes y en las fechas establecidas en los Términos Finales aplicables.

**Denominación de los Bonos:** Los Bonos se emitirán en las denominaciones establecidas en los Términos Finales aplicables con tal de que la denominación mínima de cada Bono sea tal, que pueda autorizarse o requerirse ocasionalmente por parte del banco central correspondiente (u órgano equivalente) o por cualquier ley o reglamento aplicable a la Divisa Especificada correspondiente.

Ninguna venta de Bonos Restringidos en EE.UU., será inferior a 100.000 dólares estadounidenses (o a su equivalente en la divisa correspondiente).

**Fiscalidad:** Todos los pagos respecto a los Bonos se harán sin deducción o retención a cuenta de impuestos, exigible por cualquier Jurisdicción Fiscal, salvo que dicha deducción sea exigida, tal y como se establece en la Condición General 8 (*Fiscalidad*). En el caso de que cualquier deducción de este tipo sea exigible, ni el Emisor ni, según el caso, el Avalista, deberán pagar ningún importe adicional para cubrir los importes deducidos de este modo.

**Supuesto de Incumplimiento:** Los términos de los Bonos contendrán, entre otros, los siguientes supuestos de incumplimiento:

- (a) incumplimiento del pago del principal o del interés debido respecto a los Bonos, de forma continuada durante un periodo determinado;
- (b) incumplimiento o no acatamiento por parte del Emisor o el Avalista de cualesquiera de sus obligaciones según los Términos y Condiciones de los Bonos, la Garantía o el Contrato de Agencia, de forma continuada durante un periodo determinado; y
- (c) eventos relativos a la insolvencia o liquidación del Emisor y del Avalista.

No obstante, debe señalarse que para que un supuesto relevante se considere como un supuesto de incumplimiento, al menos el veinticinco por cien (25%) en importe nominal de los Titulares lo tiene que haber solicitado.

**Estado de los Bonos:** Los Bonos constituirán obligaciones directas, incondicionales y no garantizadas del Emisor y se calificarán igualmente sin preferencia entre ellas y, sujeto a cualquier disposición legal o judicial aplicable, al menos igualmente respecto al resto de obligaciones no garantizadas y no subordinadas futuras del Emisor.

**Garantía:** Los Bonos estarán garantizados incondicional e irrevocablemente por el Avalista. Las obligaciones del Avalista bajo dicha garantía constituirán obligaciones directas, incondicionales, no garantizadas y no subordinadas del Emisor y se calificarán igualmente respecto al resto de obligaciones no garantizadas y no subordinadas presentes y futuras (incluyendo las que surjan según depósitos recibidos en su negocio bancario) del Avalista, sin preferencia entre ellas y sin preferencia de una respecto a la otra por prioridad en la fecha de emisión, divisa de pago o de otro modo, salvo en el caso de las obligaciones a las que la ley conceda prioridad.

**Garantía de A&L** A&L ha otorgado garantía respecto de las obligaciones no subordinadas de Abbey National incurridas con anterioridad al 31 de Julio de 2012 y, a su vez, Abbey National ha otorgado una garantía sustancialmente similar respecto de A&L. A&L no es Avalista bajo el Programa.

<b>Uso de los Ingresos:</b>	Los ingresos netos de cada emisión de Bonos se utilizarán por el Emisor con fines generales. Si, con respecto de cualquier emisión concreta de Bonos, existe un uso concreto identificado de los ingresos, además de u otro distinto al antes mencionado, este hecho se señalará en los Términos Finales aplicables.
<b>Calificación:</b>	Si cualquier emisión de los Bonos bajo el Programa va a recibir una calificación, la calificación de dichos Bonos se señalará en los Términos Finales aplicables. Una calificación de los títulos no supone una recomendación de compra, venta o mantenimiento de los títulos y puede estar sujeta a suspensión, reducción o retirada en cualquier momento por parte de la agencia de calificación asignante.
<b>Cotización y Admisión a Negociación:</b>	<p>Se ha enviado una solicitud a UK Listing Authority para que los Bonos emitidos según el Programa sean admitidos a Cotización oficial y a la Bolsa de Londres para que dichos Bonos sean admitidos a negociación en el Mercado Regulado de la Bolsa de Londres.</p> <p>Los Bonos también pueden cotizar o admitirse, según el caso, en otro mercado o mercados bursátiles adicionales tal y como se establece en los Términos Finales en relación con cada Serie. También pueden emitirse Bonos que no coticen o no sean admitidos a negociación en ningún mercado.</p> <p>Los Términos Finales aplicables establecerán si los Bonos correspondientes van a cotizar o no, o van a ser admitidos a negociación o no, y, en ese caso, en qué Bolsas o mercados.</p>
<b>Legislación Aplicable:</b>	Los Bonos y cualquier obligación no contractual surgida de o en conexión con los Bonos se registrarán por y deberán ser interpretados de acuerdo con la legislación inglesa.
<b>Restricciones de Venta:</b>	Las restricciones respecto a la oferta, venta y transferencia de los Bonos se establecen en la sección " <i>Restricciones de Suscripción, Venta y Cesión</i> ". Restricciones de venta adicionales pueden aplicarse tal y como se especifica en los Términos Finales aplicables.
<b>Algunas restricciones:</b>	Cada emisión de Bonos, denominados en una divisa respecto a la cual se apliquen, leyes, directrices, reglamentos, restricciones o requerimientos de información concretos, se emitirán solamente en circunstancias ocasionales que cumplan dichas leyes, directrices, reglamentos, restricciones o requerimientos de información (véase " <i>Restricciones de Suscripción, Venta y Cesión</i> ").
<b>Factores de Riesgo:</b>	<i>Cada inversor potencial debería consultar a sus propios asesores financieros y legales acerca de los riesgos asociados a una inversión en los Bonos y sobre la adecuación de una inversión en el Bono correspondiente teniendo en cuenta sus circunstancias concretas.</i>

#### **Riesgos relativos al Grupo**

Existen algunos factores que pueden afectar a la capacidad del Emisor y del Avalista para cumplir con sus obligaciones con respecto a los Bonos emitidos según el Programa. Estos factores se establecen en la sección "*Factores de Riesgo – Factores de Riesgo relativos al Emisor*" y "*Factores de Riesgo- Factores de Riesgo relativos al Emisor y al Avalista*" posterior e incluyen los riesgos relativos a la solvencia crediticia del Emisor y del Avalista, la situación económica general, la

competencia en el sector de servicios financieros, los cambios regulatorios y legislativos, los riesgos operativos, los conflictos de intereses potenciales y el riesgo de la actividad de cobertura y negociación por parte del Emisor, Avalista o cualquiera de sus filiales que puedan afectar al valor de los Bonos.

### **Riesgos relativos a la inversión en los Bonos**

Los riesgos relacionados con la inversión en los Bonos dependen de sus características y pueden incluir, entre otros, los siguientes, todos los cuales se describen en mayor profundidad en la sección "*Factores de Riesgo – Riesgos generales relacionados con la inversión en los Bonos*":

- (i) cualquier reembolso opcional de los Bonos por el Emisor (cuando se aplica dicha característica), que puede hacerse en momentos en los que los tipos de interés aplicables estén relativamente bajos, resultando en un importe inferior al esperado en el reembolso,
- (ii) valor de mercado limitado y/o volátil de los Bonos,
- (iii) reembolso cuando las circunstancias de reinversión no son ventajosas para un tenedor de Bonos,
- (iv) pago reducido o ausencia de intereses,
- (v) pago de principal o de interés en un momento distinto o en una divisa distinta a la esperada y/o
- (vi) pérdida de todo o parte de la inversión inicial de un tenedor de Bonos o de la remuneración esperada en dicha inversión que pueda deberse a los Bonos (o al pago de principal o interés bajo los Bonos) estando:
  - (a) sujeto a reembolso opcional por el Emisor,
  - (b) determinado por referencia a un índice, fórmula, activo u otro factor de referencia (tales como valores, materias primas, reparticiones en fondos, tipos de cambio, etc.),
  - (c) pagadero en varias divisas,
  - (d) pagadero, sobre su precio de emisión, en plazos,
  - (e) sujeto a valores máximos ("caps"), valores mínimos ("floors"), apalancamiento u otros factores o cualquier combinación de los mismos,
  - (f) sujeto a un tipo de interés flotante inverso,
  - (g) sujeto a un tipo de interés fijo a variable (o variable a fijo),
  - (h) emitido a descuento o prima sobre su importe principal,
  - (i) sujeto a disminuciones en el interés o principal pagadero dependiendo en los cambios en la solvencia crediticia de una Entidad de Referencia o de una Obligación de Referencia, y/o

- (j) pagos de principal o de interés que estén ligados al acaecimiento o no de ciertos eventos que están fuera del control del Emisor y (si aplica) el Avalista.

Otros riesgos relativos a los Bonos incluyen;

- (a) decisiones vinculantes de las reuniones de los tenedores de Bonos,
- (b) falta de pago de importes adicionales (en algunas circunstancias) en relación con importes retenidos en los pagos bajo los Bonos,
- (c) cambios en las leyes,
- (d) falta de un mercado secundario de negociación líquido para los Bonos,
- (e) los tenedores de los Bonos reciban pagos en una divisa distinta a la de su actividad financiera,
- (f) cambios en los tipos de interés,
- (g) en relación con cualquier emisión de Bonos que tengan un valor mínimo y estén comercializados en los sistemas de compensación en importes por encima de dicho valor mínimo que es más bajo, un inversor no reciba todos los importes a los que tenga derecho si los Bonos definitivos se han emitido,
- (h) calificaciones crediticias, cuando se han proporcionado en los Términos Finales aplicables, y no reflejan todos los riesgos relativos a los Bonos,
- (i) algunos inversores que estén sujetos a leyes y reglamentos o revisiones o requerimientos por ciertas autoridades,
- (j) el hecho que los Bonos no sean una inversión adecuada para todos los inversores y/o
- (k) el hecho que los Bonos estén sujetos a algunas restricciones en la transmisión.

Además, en el caso de alguno de los Bonos mencionados anteriormente, diversos supuestos en relación con el activo o base de referencia subyacentes correspondientes pueden provocar ajustes o reembolsos anticipados de los Bonos y existen algunos factores que son sustanciales a efectos de valorar los riesgos asociados con los Bonos emitidos según este Programa (véase "*Factores de riesgo – Riesgos relacionados con el mercado generalmente*").



## Portuguese Translation of Summary of Programme

### SUMÁRIO DO PROGRAMA

O presente sumário deve ser lido como uma introdução ao Prospecto, e qualquer decisão de investimento em quaisquer Obrigações deverá ter em consideração o Prospecto como um todo, incluindo os documentos incorporados por referência. No seguimento da transposição das disposições relevantes da Directiva dos Prospectos em cada um dos Estados-Membros da Área Económica Europeia, nenhum tipo de responsabilidade civil poderá ser atribuído às Pessoas Responsáveis em qualquer um desses Estados-Membros simplesmente com base neste sumário, ou em qualquer tradução deste sumário, a menos que tais documentos sejam enganosos, incorrectos ou inconsistentes quando lidos em conjunto com as restantes partes do Prospecto. Sempre que uma pretensão relativa à informação contida no Prospecto seja apresentada perante um tribunal num Estado-Membro da Área Económica Europeia, o demandante poderá, nos termos da legislação nacional aplicável no Estado-Membro em que formule a pretensão, ter que suportar os custos de tradução do Prospecto antes do início dos processos judiciais respectivos.

Cada uma das traduções feitas deste "Sumário do Programa" para italiano, espanhol e português, que surgem nas páginas 11, 19 e 27, respectivamente, representa uma tradução precisa, completa e directa da versão original em Inglês.

*Os termos e expressões definidos nas secções do Prospecto "Forma das Obrigações" ("Form of the Notes") e "Termos e Condições Gerais das Obrigações" ("General Terms and Conditions of the Notes") deverão ser lidos com o mesmo significado quando utilizados neste sumário. Imediatamente a seguir à secção do sumário serão inseridas traduções do sumário em italiano, espanhol e português.*

<b>Emitente:</b>	Abbey National Treasury Services plc.
<b>Garante:</b>	Abbey National plc.
<b>Descrição do Emitente e do Garante:</b>	O Garante é uma sociedade pertencente ao grupo do Abbey National Group, que presta serviços de índole financeira no Reino Unido. O Garante foi constituído ao abrigo da lei de Inglaterra e do País de Gales em 1988 (com o número de registo 2294747). O Emitente é uma subsidiária do Garante por este detida a cem por cento e foi constituído ao abrigo da lei de Inglaterra e do País de Gales em 1989 (com o número de registo 2338548). Tanto o Emitente como o Garante são sociedades de responsabilidade limitada criadas ao abrigo da lei de Inglaterra e do País de Gales, possuindo ambos o estatuto de bancos. O Emitente e o Garante fazem parte do Grupo Santander.
<b>Descrição do Programa:</b>	Programa Global de Obrigações Estruturadas.
<b>Montante do Programa:</b>	Até ao limite de €2.000.000.000 (ou o equivalente na moeda relevante) emitidos e em dívida em qualquer momento.
<b>Distribuição:</b>	As Obrigações podem ser distribuídas através de oferta pública ou particular, e em qualquer caso de forma sindicada ou não sindicada.

<b>Arranger:</b>	Abbey National Treasury Services plc a negociar na qualidade de Santander Global Banking & Markets.
<b>Dealers:</b>	Abbey National Treasury Services plc a negociar na qualidade de Santander Global Banking & Markets, Banco Santander, S.A. e/ou quaisquer outros Dealers nomeados de acordo com as previsões do Contrato Programa.
<b>Agente de Cálculo:</b>	Abbey National Treasury Services plc, a menos que exista previsão específica em contrário nas Condições Finais.
<b>Agente Pagador Principal:</b>	Citibank, N.A., London, ou outro especificamente determinado nas Condições Finais.
<b>Agente de Registo:</b>	Citigroup Global Markets Deutschland AG & Co. KGaA. e/ou outro conforme especificamente determinado nas Condições Finais.
<b>Agentes Pagadores:</b>	Citibank, N.A., London, e/ou outro(s) conforme especificado nas Condições Finais
<b>Agente Emitente e Pagador para Obrigações Suecas:</b>	Nordea Bank AB (publ).
<b>Divisas:</b>	Sem prejuízo de restrições legais ou regulamentares existentes, qualquer divisa indicada nas Condições Finais aplicáveis.
<b>Redenominação:</b>	As Condições Finais aplicáveis poderão prever que certas Obrigações sejam redenominadas.
<b>Maturidades:</b>	Sem prejuízo de quaisquer restrições legais ou regulamentares existentes, ou das regras emitidas periodicamente por quaisquer bancos centrais relevantes (ou órgão equivalente), a maturidade será aquela que for indicada nas Condições Finais.
<b>Preço de Emissão:</b>	As Obrigações podem ser emitidas mediante pagamento total ou pagamento parcial, e a um preço de emissão que seja nominal ou a desconto, ou com prémio sobre o seu valor nominal, consoante indicado nas Condições Finais aplicáveis.
<b>Forma das Obrigações:</b>	As Obrigações são ao portador (" <i>bearer</i> ") ou nominativas (" <i>registered</i> ") (ou inscritas) conforme descrito em " <i>Forma das Obrigações</i> ". As Obrigações emitidas ao portador também poderão ser emitidas na forma de uma <i>New Global Note</i> ("NGN"). As Obrigações Nominativas não poderão ser trocadas por Obrigações ao Portador, nem <i>vice versa</i> . As Obrigações Suecas são emitidas sob a forma escritural (" <i>uncertificatated book entry form</i> ") e não são representadas por qualquer título ou documento. A titularidade das Obrigações Suecas é demonstrada pela transferência das Obrigações Suecas para a conta da Euroclear Sweden. As Obrigações Suecas serão emitidas em forma escritural não certificada, não sendo materializadas em qualquer documento ou certificado. Os direitos inerentes às Obrigações Suecas serão evidenciados através do crédito das obrigações correspondentes em conta junto de VPC.

**Modalidade de Obrigações:** As Obrigações emitidas ao abrigo do Programa podem assumir as seguintes modalidades:

- (i) **"Obrigações de Taxa Fixa"** ("*Fixed Rate Notes*") são Obrigações às quais serão com relação pagos juros em certa data ou datas tal como indicado nas respectivas Condições Finais e na data de reembolso, sendo esses juros calculados com base numa Fracção de Contagem Diária conforme indicado nas Condições Finais aplicáveis;
- (ii) **"Obrigações de Taxa Variável"** ("*Floating Rate Notes*") são Obrigações que vencem juros a uma taxa determinada:
  - (1) na mesma base de uma taxa variável ao abrigo de uma transacção de swap (cobertura de risco) de taxa de juro notional, na Divisa Especificada regulada por um contrato que inclua as Definições ISDA 2006 (tal como publicadas pela Associação Internacional de Swaps e Derivados Inc. - *International Swaps and Derivatives Association Inc.* - e conforme alteradas e actualizadas na Data de Emissão da primeira Tranche de Obrigações da Série respectiva); ou
  - (2) na base de uma taxa de referência que seja divulgada numa página electrónica de um serviço de cotações comerciais acordada; ou
  - (3) em qualquer outra base conforme indicado nas Condições Finais aplicáveis.

A Margem (caso exista) relativa à mencionada taxa variável será indicada nas Condições Finais aplicáveis. As Obrigações de Taxa Variável poderão também ter uma taxa de juro máxima, mínima ou ambas. Os juros serão calculados com base na Fracção de Contagem Diária especificada nas Condições Finais aplicáveis;

- (iii) **"Obrigações de Divisa Dupla"** ("*Dual Currency Notes*") são Obrigações relativamente às quais os pagamentos efectuados (quer a respeito de capital e/ou juros, e independentemente de serem efectuados na data de maturidade ou noutra) serão feitos na(s) divisa(s), e baseados na(s) taxa(s) de câmbio, que forem indicados nas Condições Finais aplicáveis;
- (iv) **"Obrigações de Cupão Zero"** ("*Zero Coupon Notes*") são Obrigações oferecidas e vendidas a desconto face ao seu valor nominal, e que não vencem juros;
- (v) **"Obrigações Sem Juro"** ("*Non-Interest Bearing Notes*") são Obrigações que não vencem juros;
- (vi) **"Obrigações Parcialmente Pagas"** ("*Partly-Paid Notes*") são Obrigações emitidas numa base de pagamento parcial, caso em que os juros serão contados no montante efectivamente pago dessas Obrigações, ou noutra base diferente que possa vir a ser acordada entre o Emitente e o Dealer em causa, conforme estabelecido nas Condições Finais aplicáveis. Sempre que parte do pagamento do preço de subscrição esteja vencida e em dívida pelo detentor das Obrigações Parcialmente Pagas, os juros na Obrigação global

- ("global Note") que represente essa Obrigação não poderão ser trocados por Obrigações Globais ao Portador ("*Definitive Global Notes*");
- (vii) "**Obrigações Ligadas a Participações Sociais**" ("*Equity Linked Notes*") são Obrigações relativamente às quais os pagamentos efectuados (quer a respeito de capital e/ou juros, e independentemente de serem efectuados na data de maturidade ou noutra) e/ou entregas serão calculados por referência a um valor mobiliário correspondente a uma participação social, ou a uma carteira de valores mobiliários correspondentes a participações sociais, incluindo, nomeadamente, acções individuais, uma carteira de acções ou Certificados de Depósito ("*Depositary Receipts*");
  - (viii) "**Obrigações Ligadas a Índices de Participações Sociais**" ("*Equity Index Linked Notes*") são Obrigações relativamente às quais os pagamentos efectuados (quer a respeito de capital e/ou juros, e independentemente de serem efectuados na data de maturidade ou noutra) serão calculados por referência a um índice específico, ou a um cabaz de índices, podendo esse índice ou índices ser referentes a um ou mais valores mobiliários correspondentes a participações sociais;
  - (ix) "**Obrigações Ligadas à Inflação**" ("*Inflation Linked Notes*") são Obrigações relativamente às quais os pagamentos efectuados (quer a respeito de capital e/ou juros, e independentemente de serem efectuados na data de maturidade ou noutra) serão calculados por referência a um ou mais índices de preços de consumo/inflação e/ou fórmula;
  - (x) "**Obrigações Ligadas a Mercadorias**" ("*Commodity Linked Notes*") são Obrigações relativamente às quais os pagamentos efectuados (quer a respeito de capital e/ou juros, e independentemente de serem efectuados na data de maturidade ou noutra) serão calculados por referência a uma mercadoria ou a mercadorias específica(s), ou a um índice ou índices determinado(s) que inclua(m) diversas mercadorias;
  - (xi) "**Obrigações Ligadas a Divisa**" ("*Currency Linked Notes*") são Obrigações relativamente às quais os pagamentos efectuados (quer a respeito de capital e/ou juros, quer numa divisa diferente da Divisa Especificada e independentemente de serem efectuados na data de maturidade ou noutra) serão calculados por referência a uma ou mais taxas de câmbio determinadas;
  - (xii) "**Obrigações Ligadas a um Fundo**" ("*Fund Linked Notes*") são Obrigações relativamente às quais os pagamentos efectuados (quer a respeito de capital e/ou juros, e independentemente de serem efectuados na data de maturidade ou noutra) serão calculados por referência a unidades de participação, participações ou acções de determinado fundo ou cabaz de fundos, incluindo, nomeadamente, *hedge funds* ou fundos negociados em bolsa ("*exchange traded fund*");
  - (xiii) "**Obrigações Ligadas a Propriedade**" ("*Property Linked Notes*") são Obrigações relativamente às quais os pagamentos efectuados (quer a respeito de capital e/ou juros, e independentemente de serem efectuados na data de maturidade ou noutra) serão calculados por referência a um índice ou a índices de propriedade específico(s); e

- (xiv) "**Obrigações Ligadas a Eventos de Crédito**" ("*Credit Linked Notes*") são Obrigações associadas à capacidade de crédito da(s) Entidade ou Entidades de Referência, a uma Obrigação de Referência, à Avaliação de Obrigações de um cabaz de Obrigações de Referência ou de Avaliação de Obrigações ou Entidades de Referência compreendidas num certo índice ou índices e/ou Obrigações de Referência ou Avaliação de Obrigações relacionadas.

Poderão ser emitidas outras modalidades de Obrigações poderão ser emitidas ao abrigo do Programa, e as Condições Finais relativas à emissão de tais Obrigações deverão especificar todos os termos e condições aplicáveis à emissão em causa, o que poderá ou não incluir quer uma parte, quer a totalidade dos termos e condições estabelecidos nos Termos e Condições Gerais das Obrigações contidos no Prospecto.

**Juro:**

Os períodos de juro, as taxas de juro e as condições e/ou os montantes devidos em qualquer data de pagamento de juros poderão variar dependendo das Obrigações a ser emitidas, e as mencionadas condições serão determinadas nas Condições Finais aplicáveis.

**Reembolso:**

As Condições Finais aplicáveis indicarão que as Obrigações em causa não podem ser reembolsadas antes da sua data de maturidade determinada (além das prestações estabelecidas, se existentes, ou no seguimento de uma Situação de Incumprimento, ou noutras situações específicas) ou que essas Obrigações serão reembolsáveis por opção do Emitente e/ou dos Obrigacionistas devendo para o efeito ser dado conhecimento prévio aos Obrigacionistas ou ao Emitente, consoante o caso, numa data ou datas determinadas anteriores à mencionada data prevista de maturidade, ou automaticamente após a ocorrência de certos eventos específicos, e a um preço ou preços, e mediante as condições que sejam então acordadas entre o Emitente e o Dealer em causa, tal como indicado nas Condições Finais aplicáveis.

As Condições Finais respectivas podem prever que as Obrigações possam ser reembolsadas em duas ou mais prestações de montantes e em datas que sejam indicados nessas Condições Finais.

**Denominação das Obrigações:**

As Obrigações serão emitidas nas denominações que sejam indicadas nas Condições Finais aplicáveis, sendo a denominação mínima de cada Obrigação aquela que for permitida ou exigida periodicamente pelo banco central relevante (ou entidade equivalente) ou por quaisquer leis ou regulamentação aplicáveis à Divisa Especificada respectiva.

Nenhuma venda a qualquer comprador de Obrigações Restringidas nos Estados Unidos será por valor inferior a U.S.\$100.000 (ou o seu equivalente na divisa em causa).

**Incidência Fiscal:**

Todos os pagamentos relativos às Obrigações serão efectuados sem dedução de, ou por conta de, retenção na fonte imposta por qualquer Jurisdição Fiscal, a não ser que essa dedução seja devida tal como previsto na Condição Geral 8 (*Incidência Fiscal*). Caso seja exigida alguma dedução, nem o Emitente nem o Garante (conforme aplicável) serão chamados a pagar quaisquer montantes adicionais para cobertura dos montantes deduzidos.

<b>Situações de Incumprimento:</b>	<p>As condições das Obrigações deverão prever, entre outras, as seguintes situações de incumprimento:</p> <ul style="list-style-type: none"> <li>(a) incumprimento do pagamento da parcela de capital ou de juros devida relativamente às Obrigações, que se prolongue durante certo período de tempo;</li> <li>(b) não cumprimento ou não observância pelo Emitente ou pelo Garante de qualquer uma das suas obrigações ao abrigo dos Termos e Condições Gerais das Obrigações, da Garantia ou do Contrato de Agência, que se prolongue durante certo período de tempo; e</li> <li>(c) eventos relacionados com a insolvência ou dissolução do Emitente ou do Garante.</li> </ul> <p>Deverá ser tido em consideração, contudo, o facto de ser uma condição precedente para que um dado evento seja considerado uma situação de incumprimento que pelo menos vinte e cinco por cento (25%) dos Obrigacionistas (em termos de valor nominal) assim o tenha requerido.</p>
<b>Estatuto das Obrigações:</b>	<p>As Obrigações deverão representar obrigações directas, incondicionais e não garantidas do Emitente, e deverão graduar <i>pari passu</i>, sem preferência entre si, e, sujeito a qualquer previsão legal aplicável ou ordem judicial, pelo menos de forma igual com todas as restantes obrigações directas e não subordinadas, presentes e futuras, do Emitente.</p>
<b>Garantia:</b>	<p>As Obrigações serão incondicional e irrevogavelmente garantidas pelo Garante. As obrigações do Garante ao abrigo da garantia deverão constituir obrigações directas, incondicionais, não garantidas e não subordinadas do Emitente, e deverão graduar <i>pari passu</i> com todas as restantes obrigações não subordinadas nem garantidas, presentes e futuras (incluindo aquelas emergentes de depósitos recebidos no exercício da sua actividade bancária) do Garante, sem qualquer preferência entre si e sem qualquer preferência umas sobre as outras em virtude da prioridade da data de emissão, divisa de pagamento ou outra razão, à excepção de obrigações que possuam preferência legal.</p>
<b>Garantia A&amp;L</b>	<p>A A&amp;L garantiu as responsabilidades não subordinadas do Abbey National originadas antes de 31 de Julho de 2012 e, em troca, o Abbey National forneceu uma garantia à A&amp;L sensivelmente nos mesmos termos. A A&amp;L não é um Garante ao abrigo do Programa.</p>
<b>Aplicação de Resultados:</b>	<p>Os proveitos líquidos de cada emissão de Obrigações serão aplicados pelo Emitente nas suas actividades societárias. Se a uma determinada emissão de Obrigações for subjacente um específico propósito para a aplicação daqueles proveitos para além do acima mencionado ou diferente dele, esse propósito será indicado nas Condições Finais aplicáveis.</p>
<b>Notação de Risco:</b>	<p>Se uma emissão de Obrigações realizada ao abrigo do Programa vier a ser objecto de notação de risco, a notação de risco atribuída às Obrigações será indicada nas respectivas Condições Finais. A notação de risco de um valor mobiliário não é uma recomendação de compra, venda ou detenção desse valor mobiliário, e poderá ser suspensa, reduzida ou revogada a qualquer momento pela sociedade de notação de risco que a tenha atribuído.</p>

**Admissão à Negociação:** Foi requerida à *UK Listing Authority for Notes* (a autoridade do Reino Unido responsável pela admissão à negociação das obrigações emitidas ao abrigo do Programa) a admissão das Obrigações à *Official List* e à Bolsa de Valores de Londres, para que as Obrigações sejam admitidas à negociação no Mercado Regulamentado da Bolsa de Valores de Londres.

As Obrigações poderão também ser listadas ou admitidas, consoante o caso, noutras bolsas de valores e mercados ou em bolsas de valores e mercados adicionais, conforme indicado nas respectivas Condições Finais relativamente a cada Série. As Obrigações que não sejam listadas nem admitidas à negociação em nenhum mercado poderão igualmente ser emitidas.

As Condições Finais aplicáveis estabelecerão se as Obrigações respectivas deverão ou não ser listadas ou admitidas à negociação, e, em caso afirmativo, em que bolsas de valores e/ou mercados.

**Lei Aplicável:** As Obrigações e quaisquer obrigações não contratuais relativas às Obrigações deverão reger-se, e deverão ser interpretadas de acordo com, a lei inglesa.

**Restrições à Comercialização:** As restrições à oferta, venda e transferência de Obrigações encontram-se indicadas na secção intitulada "*Subscrição, Venda e Transferência e Restrições à Venda*" - "*Subscription and Sale and Transfer and Selling Restrictions*". Poderão vir a existir restrições suplementares se tal for indicado nas Condições Finais aplicáveis.

**Restrições Específicas:** A emissão de Obrigações denominadas numa divisa relativamente à qual sejam aplicáveis leis, orientações, regulamentações, restrições ou deveres de informação específicos só será efectuada com respeito pelas leis, orientações, regulamentações, restrições ou deveres de informação a cada momento em vigor (consultar a secção "*Subscrição, Venda e Transferência e Restrições à Venda*").

**Factores de Risco:** *Cada investidor potencial deverá analisar com os seus consultores financeiros e legais os riscos associados a um investimento nas Obrigações e à adequação desse investimento nas Obrigações à luz das suas condições específicas.*

#### **Riscos relativos ao Grupo**

Existem certos factores que podem afectar a capacidade do Emitente e do Garante para cumprir as obrigações por si assumidas com relação as Obrigações emitidas ao abrigo do Programa. Estes factores encontram-se descritos na secção "*Factores de Risco – Factores de Risco relativos ao Emitente*" ("*Risk Factors – Risk Factors relating to the Issuer*") e "*Factores de Risco – Factores de Risco relativos ao Emitente e ao Garante*" ("*Risk Factors – Risks relating to both the Issuer and the Guarantor*") infra, e incluem riscos relativos à capacidade financeira do Emitente e do Garante, condições económicas em geral, concorrência na indústria de serviços financeiros, alterações regulatórias e legislativas, riscos operacionais, potenciais conflitos de interesses e o risco que a actividade de *trading* e de *hedging* (cobertura de risco) do Emitente, do Garante e de qualquer das suas filiais que possam afectar o valor das Obrigações.

#### **Riscos relativos a um investimento nas Obrigações**

Os riscos associados ao investimento em Obrigações dependem das características destas, e podem incluir, entre outros, os seguintes, sendo todos os riscos descritos

mais detalhadamente na secção intitulada "*Factores de Risco – Riscos relativos a um investimento nas Obrigações*" ("*Risk factors – Risks relating to investment in the Notes*"):

- (i) qualquer reembolso opcional das Obrigações pelo Emitente (quando aplicável), o que poderá suceder quando as taxas de juro estabelecidas forem relativamente baixas, situação da qual decorrerá o pagamento de um valor de reembolso inferior ao esperado;
- (ii) valor de mercado das Obrigações reduzido e/ou volátil;
- (iii) reembolso quando as circunstâncias de reinvestimento não sejam vantajosas para os Obrigacionistas;
- (iv) pagamento reduzido de juros ou não pagamento de juros;
- (v) pagamento de capital ou dos juros numa data ou numa divisa diferente da esperada; e/ou;
- (vi) perda da totalidade ou de parte do investimento inicial ou do retorno esperado nesse investimento em virtude de as Obrigações (ou do pagamento de capital ou dos juros no âmbito das Obrigações) serem;
  - (a) objecto de reembolso opcional pelo Emitente;
  - (b) determinadas por referência a um índice, fórmula, activo ou outro factor de referência (como valores mobiliários, produtos financeiros, unidades de participação em fundos, taxas de câmbio, etc.);
  - (c) pagáveis em várias moedas;
  - (d) no que respeita ao preço de subscrição, pagáveis em prestações;
  - (e) sujeitas a *caps*, *floors*, *leverage* ou outros factores ou qualquer combinação destes;
  - (f) objecto de uma taxa de juro variável inversa;
  - (g) objecto de uma taxa de juro fixa-a-variável ou (variável-a-fixa);
  - (h) emitidas a desconto ou a prémio face ao seu valor de capital;
  - (i) objecto de reduções de juro ou de capital a pagar dependentes de alterações na capacidade financeira das entidades de referência ou das obrigações de referência; e/ou
  - (j) objecto de pagamentos de capital ou juros indexados à ocorrência ou não ocorrência de certos acontecimentos para além do controlo do Emitente e (se aplicável) do Garante.

Outros riscos associados às Obrigações incluem:

- (i) decisões vinculativas das assembleias de Obrigacionistas;



- (ii) falta de pagamento dos montantes adicionais (em certas circunstâncias) em relação à retenção na fonte no âmbito das Obrigações;
- (iii) alterações legislativas;
- (iv) inexistência de um mercado secundário com liquidez para as Obrigações;
- (v) os Obrigacionistas receberem pagamentos numa divisa diferente daquela que é aplicável às suas actividades financeiras;
- (vi) alterações nas taxas de juro;
- (vii) com relação a qualquer emissão de Obrigações que tenha um valor nominal mínimo e em que as Obrigações sejam negociáveis nos sistemas de liquidação e de compensação de valores mobiliários em montantes superiores a esse valor nominal mínimo, um investidor não receber todas as prestações que lhe são devidas no caso de Obrigações definitivas serem emitidas;
- (viii) as notações de risco, quando indicadas nas Condições Finais, não reflectirem todos os riscos relacionados com as Obrigações;
- (ix) certos investidores estarem sujeitos às leis e regulamentos ou à regulação e supervisão de certas autoridades;
- (x) o facto das Obrigações poderem não ser um investimento adequado para todo o tipo de investidores; e/ou
- (xi) o facto das Obrigações serem objecto de certas restrições quanto à sua transmissão.

Adicionalmente, quanto a algumas das mencionadas Obrigações, vários eventos relacionados com o activo subjacente relevante ou com a base de referência poderão levar a ajustamentos ou a um reembolso antecipado das Obrigações e existem determinados factores que assumem carácter material no contexto da determinação do risco de mercado associado a Obrigações emitidas ao abrigo do Programa (consultar a secção do Prospecto "*Factores de Risco – Riscos relacionados com o mercado em geral*" - "*Risk Factors – Risks related to the market generally*")

## **RISK FACTORS**

*Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

*Words and expressions defined in the "General Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section.*

### **1. Risk factors relating to the Issuer**

The Issuer is a wholly-owned subsidiary of the Guarantor, which is an indirect wholly-owned subsidiary of Banco Santander. The primary activities of the Issuer concern short-term financial transactions, asset management and derivatives and structured products. As a result, the Issuer's ability to meet and perform its obligations may be affected by any inability of third parties to perform obligations owed to the Issuer.

### **2. Risk factors relating to both the Issuer and Guarantor**

The Guarantor and its subsidiaries (the "**Group**") provide a comprehensive range of personal financial services, including savings and investments, mortgages, unsecured lending, banking, pensions, life and general insurance products to customers throughout the United Kingdom. In addition, the Group provides offshore operations in certain jurisdictions. As a result, the Guarantor's ability to meet and perform its obligations may be affected by the performance of the Group.

#### ***The Group's risk management measures may not be successful***

The management of risk is an integral part of all the Group's activities. Risk constitutes the Group's exposure to uncertainty and the consequent variability of return. Specifically, risk equates to the adverse impacts on profitability arising from different sources of uncertainty including credit risk (retail), credit risk (wholesale), market risk, operational risk, securitisation risk, concentration risk, liquidity risk, reputational risk, strategic risk, pension obligation risk, and regulatory risk. The Group seeks to monitor and manage its risk exposure through a variety of separate but complementary financial, credit, market, operational, compliance and legal reporting systems. While the Group employs a broad and diversified set of risk monitoring and risk mitigation techniques, such techniques, and the judgments that accompany their application, cannot anticipate every unfavourable event or the specifics and timing of every outcome. Accordingly, the Group's ability to successfully identify and balance risks and rewards, and to manage all material risks, is an important factor that can significantly affect the Group's results of operations.

#### ***Risks concerning borrower credit quality and general economic conditions are inherent in the Group's business***

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Group's businesses. Adverse changes in the credit quality of the Group's borrowers and counterparties or a general deterioration in UK or global economic conditions, or arising from

systemic risks in the financial systems, could reduce the recoverability and value of the Group's assets and require an increase in the Group's level of provisions for bad and doubtful debts. Likewise, a significant reduction in the demand for the Group's products and services could negatively impact the Group's business and financial condition. Since August 2007, the global financial system has experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, an increase in general fraud and money laundering activity (first and third party), and general widening of spreads.

In September 2008, global financial markets deteriorated sharply following the bankruptcy filing by Lehman Brothers Holdings Inc. Since then, a number of other major financial institutions, including some of the largest global commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies, have experienced significant difficulties.

This market turmoil and reduction of available credit have contributed to decreasing consumer confidence, increased market volatility, reduced business activity and, consequently, increasing commercial and consumer loan delinquencies. These market developments may further affect consumer confidence levels and may cause adverse changes in payment patterns, causing further increases in delinquencies and default rates, which may impact the Group's charge-offs and provision for credit losses. These market conditions could materially and adversely affect the Group's financial condition and results of operations.

***The soundness of other financial institutions could materially and adversely affect the Group's business***

The Group's ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. The Group has exposure to many different industries and counterparties, and routinely executes transactions with counterparties in the financial industry, including brokers and dealers, commercial banks, investment banks, mutual funds, and other institutional clients. As a result, defaults by, or even rumours or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by the Group or by other institutions. Many of these transactions expose the Group to credit risk in the event of default of the Group's counterparty or client. In addition, the Group's credit risk may be exacerbated when the collateral held by the Group cannot be realised upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure it is due. There is no assurance that any such losses would not materially and adversely affect the Group's results of operations.

***Risks associated with liquidity and funding are inherent to the Group's business***

A&L receives a large proportion of its funding and liquidity from its parent company Abbey National. However, liquidity risks are inherent in any retail and commercial bank. Whilst the Group has implemented liquidity management processes to mitigate and control these risks, unforeseen systemic market factors in particular make it difficult to eliminate these risks completely. Adverse and continued constraints in the supply of liquidity, including inter-bank lending, may materially and adversely affect the cost of funding the Group's business and extreme liquidity constraints may impact the Group's current operations as well as limit growth possibilities. These events may also have a material adverse effect on the market value and liquidity of bonds issued by the Group in the secondary markets. From 2007 to date, the prime residential mortgage securitisation and covered bond markets have experienced severe disruption as a result of a material reduction in investor demand for these securities. These severe disruptions have resulted in extraordinary government intervention into the financial services sector as a whole. These markets, which are important sources of funding for the Group, were effectively closed to new external issuances of securities. Global investor confidence also remains low and credit remains relatively scarce.

Continued or worsening disruption and volatility in the global financial markets could have a material adverse effect on the Group's ability to access capital and liquidity on financial terms acceptable to it, if at all. If capital markets financing ceases to become available, or becomes excessively expensive, the Group may be forced to raise the rates it pays on deposits to attract more customers. While central banks around the world have taken coordinated efforts to increase liquidity in the financial markets by taking measures such as increasing the amounts they lend directly to financial institutions, lowering interest rates and significantly increasing temporary reciprocal currency arrangements

(or "swap lines"), it is not known how long these market conditions will continue or whether they will worsen or how long central bank schemes will continue or on what terms. The persistence of these adverse market conditions could have a material adverse effect on the Group's liquidity and funding.

***Any reduction in the Group's credit rating could increase its cost of funding and adversely affect its interest margins***

Credit ratings affect the cost and other terms upon which the Group is able to obtain funding. Rating agencies regularly evaluate the Group and their ratings of the Group's short-term and long-term debt are based on a number of factors, including the Group's financial strength as well as conditions affecting the financial services industry generally. In light of the difficulties in the financial services industry and the financial markets, there can be no assurance that the rating agencies will maintain the Group's current ratings or outlooks. Any reduction in those ratings and outlooks could increase the cost of the Group's funding and adversely affect the Group's interest margins and/or impact its liquidity position.

***Market risks associated with fluctuations in interest rates, foreign exchange rates, bond and equity prices and other market factors are inherent in the Group's business***

The most significant market risks the Group faces are interest rates and bond and equity price risks. Changes in the general level of interest rates, as well as changes in the shape of yield curves and basis spreads may adversely affect the interest rate margin realised between lending rates and borrowing costs in the Group's banking operation. Dramatic declines in housing markets over the past two years have negatively impacted the credit performance of real estate related loans and resulted in significant write-downs of asset values by many financial institutions. These write-downs, initially of asset-backed securities but spreading to other securities and loans, have caused many financial institutions to seek additional capital, to reduce or eliminate dividends, to merge with larger and stronger institutions and, in some cases, to fail. Reflecting concern about the stability of the financial markets generally and the strength of counterparties, many lenders and institutional investors have reduced or ceased providing funding to borrowers, including to other financial institutions.

As a result of these market forces, volatility in interest rates and basis spreads has increased, which has increased the Group's borrowing costs, while decreasing values of global debt and equity markets has had an adverse effect on the value of the Group's investment portfolio. Any such increase in capital markets funding costs or deposit rates could entail a re-pricing of loans, which would result in a reduction of volumes, and may also have an adverse effect on the Group's interest margins. The Group also sponsors a number of defined benefit staff pension schemes, and its obligations to those schemes may increase depending on the performance of financial markets. Although the Group is undertaking measures to mitigate and control the effects of these conditions, there can be no assurances that such controls will insulate the Group from deteriorating market conditions.

***Risks associated with strategic decisions regarding organic growth, and potential acquisitions and disposals***

The Group allocates management and planning resources to develop strategic plans for organic growth and to identify possible acquisitions and disposals and the restructuring of the Group's businesses. If the outcomes of these plans do not match expectations, the Group's earnings may not develop as forecast.

***The Group may incur unanticipated losses related to its recent business combinations***

The Group has recently acquired the retail deposits, branch network and related employees of Bradford & Bingley plc. In January 2009, Banco Santander transferred its shares in Alliance & Leicester plc to Abbey National. The Group's assessment of these business combinations is based on limited and potentially inexact information and on assumptions with respect to operations, profitability, asset quality and other matters that may prove to be incorrect. The aforementioned financial institutions have been adversely affected by the current financial crisis and Alliance & Leicester plc has material portfolios of securities that have suffered losses and could decline meaningfully in value. There can be no assurances that these businesses will not incur substantial further losses or that the Group will not be exposed to currently unknown liabilities resulting from these business combinations. Any such losses or liabilities could have a material adverse effect on the Group's business, financial condition and results of operations.

### ***The Group may fail to realise the anticipated benefits of its recent business combinations***

The success of the Group's recent business combinations will depend, in part, on the Group's ability to realise the anticipated benefits from combining the Group's business with the businesses of Alliance & Leicester plc and Bradford & Bingley plc it has acquired. It is possible that the integration process could take longer or be more costly than anticipated or could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of each company to maintain relationships with clients, customers or employees. In addition, these businesses are currently run by management and employees who have not previously been exposed to the Group's business culture or philosophy. The Group's efforts to integrate these companies are also likely to divert management attention and resources. If the Group takes longer than anticipated or is not able to integrate the aforementioned businesses, the anticipated benefits of the Group's recent business combinations may not be realised fully or at all, or may take longer to realise than expected.

### ***The Group's business is concentrated in the UK and on the offering of mortgage related products and services***

The Group's business is principally concentrated in the UK and on the offering of mortgage related products and services. As a consequence, the Group's financial condition and results of operations are highly dependent on economic conditions in the UK, generally, and the UK property market, in particular. Beginning in the second half of 2008, UK and global economic conditions deteriorated significantly and global financial markets experienced acute turbulence. Recently, the UK recorded negative GDP growth and it is currently expected that the UK will also record further negative GDP growth in 2009. During the second half of 2008, the UK property market began a significant correction as a consequence of housing demand being constrained by a combination of subdued earnings growth, greater pressure on housing finances, rising unemployment, changes in interest rates, a decline in the availability of mortgage finance and the continued effect of global market volatility. UK and global economic conditions and uncertainties may have an adverse effect on the quality of the Group's loan portfolio and may result in a rise in delinquency and default rates and charge-offs. There can be no assurance that the Group will not have to increase its provisions for loan losses in the future as a result of future increases in non-performing loans or for other reasons beyond its control. Any increases in the Group's provisions for loan losses could materially and adversely affect the Group's financial condition and results of operations.

### ***The Group's business is conducted in a highly competitive environment***

The market for UK financial services is highly competitive, and management expects such competition to intensify in response to competitor behaviour, consumer demand, technological changes, the impact of consolidation, regulatory actions and other factors. If financial markets remain unstable, financial institution consolidation may accelerate. Moreover, the UK government has effectively nationalised some of the country's largest banks, has announced a preferred equity program open to all financial institutions and has announced a program to guarantee short-term and certain medium-term debt of financial institutions, among other measures. These measures could lead to increased government ownership and control over financial institutions in the UK and further consolidation in the financial industry, all of which could adversely affect the Group's business, financial condition and results of operations. The Group's financial condition and results of operations may be materially and adversely affected by competition, including declining lending margins or competition for savings driving up funding costs that cannot be recovered from borrowers. If the Group is not successful in retaining and strengthening customer relationships, it may lose market share, incur losses on some or all of its activities or fail to attract new and retain existing deposits, which could materially and adversely affect its financial position and results of operations.

### ***Operational risks are inherent in the Group's business***

Operational losses can result from fraud, criminal acts, errors by employees, failure to document transactions properly or to obtain proper authorisation, failure to comply with regulatory requirements and conduct of business rules, failure or breakdown of accounting, data processing and other record keeping systems, natural disasters, or failure or breakdown of external systems, including those of the Group's suppliers or counterparties.

Nothing in this risk factor should be taken to imply that any of the Issuer, the Guarantor or A&L would be unable to comply with their obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the FSA.

***Reputational risk could cause harm to the Group and its business prospects***

The Group's ability to attract and retain customers and conduct business transactions with its counterparties could be adversely affected to the extent that its reputation, or the reputation of affiliates operating under the Abbey brand, is damaged. Failure to address, or appearing to fail to address, various issues that could give rise to reputational risk could cause harm to the Group and its business prospects. Reputational issues include, but are not limited to: appropriately addressing potential conflicts of interest; legal and regulatory requirements; ethical issues; adequacy of anti-money laundering processes; privacy issues; record-keeping; sales and trading practices; proper identification of the legal, reputational, credit, liquidity and market risks inherent in products offered; and general company performance. The failure to address these issues appropriately could make customers unwilling to do business with the Group, which could adversely affect its results of operations.

***The Group's businesses are subject to substantial legislation, regulatory and governmental oversight***

The Group is subject to financial services laws, regulations, administrative actions and policies in each location in which the Group operates and, indirectly, in Spain, as a result of being a wholly-owned subsidiary of Banco Santander. Changes in supervision and regulation, in particular in the UK, which are beyond the Group's control, could materially affect the Group's business, the products and services offered or the value of assets as well as the Group's operations. Although the Group works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Group. No assurance can be given generally that laws or regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the Group's business. The resolution of a number of issues, including regulatory investigations and reviews and court cases, affecting the UK financial services industry, including the Group, could have a negative impact on the Group's results on operations or on its relations with some of its customers and potential customers.

***The UK Banking Act 2009 may adversely affect the Group's business***

The UK Banking Act 2009 (the "**Act**") came into force on 21 February 2009. The Act creates a special resolution regime ("**SRR**") which provides the Treasury, the Bank of England and the Financial Services Authority (the "**Authorities**") with a variety of tools for dealing with UK institutions which are authorised deposit takers (such as the Issuer or Abbey National) which are failing, and in certain circumstances, their holding companies. The Act is intended to replace the emergency powers contained in the Banking (Special Provisions) Act 2008 (which powers ceased to be exercisable on 21 February 2009, when the Act came into force).

The Act enables the Authorities, in specified circumstances, to: (i) take a bank or a bank holding company into temporary public ownership ("**TPO**"); (ii) transfer all or part of the business of a bank to a private sector purchaser ("**PSP**"); or (iii) transfer all or part of the business of a bank to a bridge bank owned by the Bank of England ("**Bridge Bank**"). The SRR also comprises a new insolvency procedure and a new administration procedure, each of specific application to banks.

TPO and PSP transfers may be effected via a compulsory transfer of securities in the affected entity (which includes bonds). PSP and Bridge Bank transfers may be effected via a compulsory transfer of the affected entity's assets and liabilities.

SRR transfers are subject to the satisfaction of two general conditions. In summary, the Financial Services Authority must determine that (i) the bank is failing or likely to fail to meet its regulatory threshold conditions (within the meaning of section 41(1) of FSMA); and (ii) having regard to timing and other relevant circumstances, it is not reasonably likely that (ignoring the stabilisation powers under the Act), action will be taken by or in respect of the bank that will enable the bank to satisfy the threshold conditions (ignoring for this purpose, Treasury or Bank of England

financial assistance). There are additional trigger conditions which must be satisfied, the nature of which depends on the nature of the transfer and certain statutory objectives to which the Authorities must have regard in operating the SRR.

SRR transfers under the Act may impact the rights of transferors and third parties in relation to the affected institution. Legal or contractual rights which would operate to inhibit the transfer or which would otherwise be triggered by the transfer are disregarded and SRR transfers can take effect free from trusts, liabilities or other encumbrances. A PSP or Bridge Bank transfer may involve a partial transfer of the affected institution's property which could lead to the rights and obligations of counterparties of the affected institution being split between the transferor and transferee entity (although the Act and the Banking Act 2009 (Restrictions of Partial Property Transfers) Order 2009 do restrict partial property transfers to some extent).

The Act confers wide-ranging ancillary powers on the Authorities to enable SRR transfers and to ensure the continuity of the transferred business. In particular, the Treasury is given the power to change the law, either generally or specifically and with immediate or with retrospective effect, if the Treasury feels it is necessary or desirable in order to make an SRR power more effective. The Act includes provisions to effect the payment of compensation to transferors under an SRR transfer and third parties.

If an SRR transfer of the securities or property of the Issuer or Abbey National were made, the transfer order may (amongst other things) (i) result in a compulsory transfer of the Notes and/or other securities or property of the Issuer or Abbey National and/or (ii) impact on the rights of Noteholders and/or result in the nullification or modification of the Terms and Conditions of the Notes and/or (iii) result in the de-listing of the Notes. In addition, such an order may impact on various matters in respect of the Issuer or Abbey National and/or various other aspects of the Programme (including the enforceability of the Programme documents and/or ability of certain parties to perform their obligations under such documents) which may negatively affect the ability of the Issuer or Abbey National to meet their respective obligations in respect of the Notes and/or the ability of Abbey National to meet its obligations in respect of the Guarantee.

At present, no SRR transfer orders have been made under the Act in respect of the Group and there has been no indication that any such order will be made, but there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such order if made in the future.

### **3. General risks relating to investments in the Notes**

#### ***The Notes are unsecured obligations of the Issuer and the Guarantor***

All Notes will represent direct, unconditional and unsecured obligations of the Issuer. All Notes will rank *pari passu* and without any preference among themselves and subject to any applicable statutory provisions or judicial order, at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

The obligations of the Issuer are fully and unconditionally guaranteed by the Guarantor. It should however be noted that this Guarantee extends only to amounts which have become due and payable or obligations which are due to be performed in accordance with the General Terms and Conditions of the Notes. It is not an assurance that any amount will become due and payable or any other relevant obligation arise under the terms of the relevant Note (for example, in certain circumstances, interest and/or principal will cease to be payable, or the amount payable will be reduced, under the terms of the relevant Note).

#### ***The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

***The Issuer and the Guarantor cannot assure a trading market for the Notes will ever develop or be maintained***

The Issuer may issue Notes in different series with different terms in amounts that are to be determined. Such Notes may be unlisted or listed on a recognised stock exchange and there can be no assurance regarding the ability of Noteholders to sell their Notes or the price at which such holders may be able to sell their Notes. Investors should however, be aware of the prevailing and widely reported global credit market conditions, whereby a general lack of liquidity in the secondary market for instruments similar to the Notes may result in investors suffering losses on Notes in secondary resales even if there is no decline in the performance of the assets of the Issuer or the Guarantor. The Issuer and the Guarantor cannot predict when these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes at that time. If a trading market were to develop, the Notes could trade at prices that may be higher or lower than the relevant initial issue price and this may result in a return that is greater or less than the interest or other additional amounts payable in respect of the Notes, depending on many factors, including:

- the Group's financial results;
- any change in the Issuer's or the Guarantor's creditworthiness;
- the market for similar securities or instruments;
- the complexity and volatility of the Relevant Assets (hereinafter defined) applicable to any Notes issued under the Programme;
- the method of calculating the principal, premium (of any), interest (if any) and other amounts payable in respect of the Notes;
- the time remaining to the maturity of the Notes;
- the outstanding amount of the Notes;
- the redemption features of the Notes; and



- the level, direction and volatility of market interest rates generally.

In addition, certain Notes have a more limited trading market and experience more price volatility because they were designed for specific investment objectives or strategies. There may be a limited number of buyers when an investor decides to sell such Notes. This may affect the price an investor receives for such Notes, or the ability of an investor to sell such Notes at all.

***The Issue Price of the Notes may be more than the market value of such Notes as at the Issue Date, and the price of the Notes in secondary market transactions***

The Issue Price in respect of any Notes specified in the relevant Final Terms may be more than the market value of such Notes as at the relevant Issue Date, and the price, if any, at which the relevant Dealer(s) or any other person willing to purchase such Notes in secondary market transactions may be lower than the Issue Price in respect of such Notes. In particular, the Issue Price in respect of any Notes may take into account amounts with respect to commissions relating to the issue and sale of such Notes as well as amounts relating to the hedging of the Issuer's obligations under such Notes, and secondary market prices are likely to exclude such amounts. In addition, pricing models of relevant market participants may differ or produce a different result.

***The Notes are subject to selling and transfer restrictions that may be affected by the existence and liquidity of any secondary market in the Notes***

The Notes have not been, and will not be, registered under the Securities Act or any other securities laws. Accordingly, the Notes are subject to certain restrictions on the resale and other transfer thereof as set forth under "Subscription and Sale and Transfer and Selling Restrictions". As a result of such restrictions, the Issuer and the Guarantor cannot be certain of the existence of a secondary market for the Notes or the liquidity of such market if one develops. Consequently, a Noteholder must be able to bear the economic risk of an investment in such Notes for an indefinite period of time.

***There may be potential conflicts of interests as ANTS holds a variety of roles***

ANTS may be acting in a number of capacities (e.g. Calculation Agent, Issuer and Dealer) in connection with the transactions described in this Prospectus. ANTS, acting in such capacities in connection with such transactions, shall have only the duties and responsibilities expressly agreed to by it in its relevant capacity and shall not, by virtue of its acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. ANTS, in its various capacities in connection with the contemplated transactions, may enter into business dealings, including the acquisition of investment securities as contemplated by its constitutional and other corporate documents, from which it may derive revenues and profits in addition to the fees, if any, stated in its constitutional and other corporate documents, without any duty to account therefor.

There is no limitation or restriction on ANTS, or any of its respective Affiliates, with regard to acting as adviser (or in a similar role) to other parties or persons. This and other future activities of ANTS and/or its Affiliates may give rise to additional potential conflicts of interest.

ANTS in its capacity as Issuer and any Dealer may at the date hereof or at any time hereafter, be in possession of information in relation to a Relevant Asset that is or may be material in the context of the Notes and may or may not be publicly available to Noteholders. There is no obligation on the Issuer or any Dealer to disclose to Noteholders any such information.

ANTS in its capacity as Issuer and/or any of its Affiliates may have existing or future business relationships with any Reference Entities (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Noteholder.

### ***Calculation Agent's discretion***

The Calculation Agent (which will likely be ANTS or an affiliate of ANTS) has a very broad discretionary authority to make various determinations and adjustments under the Notes, any of which may have an adverse effect on the value and/or the amounts payable under the Notes. For example, the Calculation Agent has a broad discretion to, without limitation, (i) determine whether a Disrupted Day, Index Adjustment Event, Potential Adjustment Event, Extraordinary Event and/or any other event and/or matters so specified in the Conditions has occurred, (ii) determine any resulting adjustments and calculations as described in the Conditions and (iii) in respect of any other matters as may be specified in the applicable Final Terms. Prospective purchasers should be aware that any determinations made by the Calculation Agent may have an impact on the value and financial return of the Notes. Any such discretion exercised by, or any calculation made by, the Calculation Agent (in the absence of manifest error) shall be binding on the Issuer and all holders of the Notes.

### ***Potential investors should consider certain legal and tax consequences of investing in the Notes***

The appropriate characterisation of the Notes under various legal investment restrictions, and thus the ability of potential investors subject to those restrictions to purchase the Notes, may be subject to significant interpretative uncertainties. No representation is made as to the proper characterisation of the Notes for legal investment purposes, or for risk-weighting, Notes valuation, regulatory, accounting or other financial institution regulatory regimes of any regulatory body. Potential investors should consult with their own legal advisers in determining whether, and to what extent, the Notes will constitute legal investments for them and the consequences of such an investment.

The Issuer and/or its Affiliates cannot advise on the appropriate accounting treatment or possible tax consequences of an indicative transaction. Prior to purchasing the Notes, a potential investor should discuss with its professional advisers how such purchase would or could affect them. Potential investors with any questions regarding the impact of an investment in the Notes on their tax position should consult their tax adviser. Neither the Issuer nor any of its affiliates provides tax or legal advice.

The Notes will not have the benefit of a gross-up provision in respect of withholding taxes. Noteholders will bear the risk of the imposition of any deduction or withholding with respect to payments made under the Notes.

### ***The Issuer and the Guarantor may rely on third parties and the Noteholders may be adversely affected if such third party fails to perform their obligations***

The Issuer and the Guarantor may be a party to contracts with a number of other third parties that have agreed to perform services in relation to the Notes. For example, the Paying Agents have agreed to perform services in connection with the Notes; and Euroclear and Clearstream, Luxembourg have, in respect of Bearer Global Notes in NGN form, agreed, *inter alia*, to accept such Bearer Global Notes as eligible for settlement and to properly service the same, and to maintain up-to-date records in respect of the total amount outstanding of such Bearer Global Notes in NGN form. In the event that any relevant third party was to fail to perform its obligations under the respective agreements to which it is a party, the Noteholders may be adversely affected.

### ***General considerations with respect to underlying Relevant Assets***

The Notes involve a degree of risk, which may include interest rate, corporate, market, foreign exchange, time value and/or political risks, as well as other risks arising from fluctuations in the values of the relevant securities (or basket of securities), index (or basket of indices), commodity (or commodity index) or other underlying assets (each a "**Relevant Asset**") which may be specified in the applicable Final Terms, and general risks applicable to the stock market (or markets) and capital markets. Notes which are linked to the performance of the Relevant Asset do not provide for a predetermined redemption amounts and/or interest payments, but amounts payable (whether in respect of principal and/or interest) or deliverable will be dependent upon the performance of the Relevant Asset(s), which itself may contain substantial risks.

Investments in Notes linked to the performance of a Relevant Asset entail significant risks and may not be appropriate for investors lacking financial expertise. Prospective investors should consult their own financial, tax and legal advisors as to the risks entailed by an investment in such Notes and the suitability of such Notes in light of their particular circumstances and ensure that their acquisition is fully consistent with their financial needs and investment policies, is lawful under the laws of the jurisdiction of their incorporation and/or in which they operate, and is a suitable investment for them to make. The Issuer believes that such Notes should only be purchased by investors that are in a position to understand the special risks that an investment in these instruments involves, in particular relating to options and derivatives and related transactions, and should be prepared to sustain a total loss of the purchase price of their Notes.

In order to realise a return upon an investment in a Note, it may be necessary that an investor must have correctly anticipated the timing and magnitude of an anticipated increase or the absence of a decrease in the value of the Relevant Asset(s) relative to the Issue Price, and must also be correct about when any change will occur. If the value of the Relevant Asset(s) does not increase, or decreases, as the case may be, before such Note is redeemed, part of the investor's investment in such Note may be lost on such redemption. Other than in respect of Notes which are redeemable prior to the Maturity Date at the option of the Noteholder, it is likely that the only means by which a Noteholder can realise value from its Notes prior to their Maturity Date is to sell such Notes at their then market price in the secondary market (if available) (see "*The Issuer and the Guarantor cannot assure a trading market for the Notes will ever develop or be maintained*" above).

In addition, the value of any Relevant Asset and/or obligation of an underlying obligor (a "**Reference Entity**") may depend on a number of interrelated factors, including economic, financial and political events in one or more jurisdictions, including factors affecting capital markets generally and the stock exchange(s) on which any Relevant Asset and/or obligation of a Reference Entity may be traded.

If the formula used to determine any amounts payable in respect of the Notes contains a multiplier or leverage factor, the effect of any fluctuation in the value of the Relevant Assets, the adjustments of the Reference Entity to which the Notes are linked or indexed will be magnified. In recent years, values of certain equities, bonds, notes or other financial instruments, indices and formulae have been volatile and such volatility may be expected in the future. However, past experience is not necessarily indicative of what may occur in the future. The historical experience of the Relevant Assets and/or Reference Entities should not be taken as an indication of future performance of such Relevant Assets and/or Reference Entities during the term of such Note. The price at which a Noteholder will be able to sell Notes prior to maturity may be at a discount, which could be substantial, to the market value of such Notes on the Issue Date, if, at such time, the market price of the Relevant Asset(s) and/or obligation(s) of a Reference Entity is below, equal to or not sufficiently above the market price of the Relevant Asset(s) and/or obligation(s) of a Reference Entity on the Issue Date. The historical market prices of any Relevant Asset and/or obligation of a Reference Entity should not be taken as an indication of such Relevant Asset's and/or obligation's future performance during the term of any Note.

Additionally, there may be regulatory and other ramifications associated with the ownership by certain investors of Notes linked to certain Relevant Assets, to obligations of the Reference Entity or to the potential holding of such Relevant Asset or Reference Obligation, where Physical Delivery Notes are envisaged pursuant to the applicable Final Terms. Each purchaser of Notes must conduct its own investigation into its regulatory position with respect to the potential purchase of Notes, and none of the Issuer, the Guarantor, the Dealer or the Calculation Agent assumes any obligation or liability whatsoever to such purchaser in such regard.

None of the Issuer, Guarantor, Calculation Agent nor any Dealer provide any advice with respect to any Relevant Asset or any obligations of a Reference Entity nor make any representation as to its quality, credit or otherwise, and investors in the Notes must rely on their own sources of analysis, including credit analysis with respect to any Relevant Asset and/or Reference Entity. No investigation or review of the Relevant Assets, including, without limitation, any public filings made by the issuer or obligor of the Relevant Assets, has been made by the Issuer or any of its Affiliates for the purposes of forming a view as to the merits of an investment linked to the Relevant Assets. Nor is any guarantee or express or implied warranty made in respect of the selection of the Relevant Assets or is any assurance or guarantee given as to the performance of the Relevant Assets. Potential investors should not conclude that the sale by the Issuer of the Notes is any form of investment recommendation by it or any of its affiliates.

Notes that are linked to a Relevant Asset and/or the obligations of a Reference Entity may be principal protected or non-principal protected. Investors in Notes which are not principal protected may risk losing their entire investment if the value of the Relevant Asset and/or obligation of a Reference Entity does not move in the anticipated direction.

**PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT ASSETS ARE AND TO SEE HOW THE CASH SETTLEMENT AMOUNT, FINAL REDEMPTION AMOUNT OR THE ASSET AMOUNT, AS THE CASE MAY BE, AND ANY PERIODIC INVESTMENT PAYMENTS ARE DETERMINED AND WHEN SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, AS THE CASE MAY BE, BEFORE MAKING ANY DECISION TO PURCHASE ANY NOTES.**

#### *Partly-paid Notes*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing some or all of his investment.

#### *Notes issued at a substantial discount or premium*

The market value of Notes issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### **4. Risks associated with the redemption of the Notes**

If the applicable Final Terms specify that the Notes are redeemable at the option of the Issuer, the Issuer may redeem such Notes at times when the prevailing interest rates may be relatively low. As a consequence, the yields (if any) received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, part of the capital invested by the Noteholder may be lost, so that the Noteholder in such case would not receive the total amount of the capital invested. Accordingly, an investor generally will not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate, if applicable, as high as that of the Notes. Furthermore, during any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

Notes may also be redeemed early at the applicable Early Redemption Amount where an early redemption event is provided for in the relevant Final Terms. The Early Redemption Amount in respect of each Note may be less than the nominal amount of each Note and shall (unless otherwise specified in the applicable Final Terms) be an amount determined by the Calculation Agent as representing the fair market value of such Notes ignoring the circumstances leading to such Early Redemption, adjusted to account fully for any reasonable expenses and costs of unwinding any underlying and/or related hedging and funding arrangements (including, without limitation, any equity options, equity swaps or other instruments of any type whatsoever hedging the Issuer's obligations under the Notes). Following any such early redemptions, an investor generally would not be able to reinvest the redemption proceeds at any effective interest rate as high as the interest rate on the relevant Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time. Moreover, each interest-bearing Note may cease to bear interest from the interest payment date immediately preceding the date of occurrence of the event giving rise to early redemption of the Notes.

#### *Settlement risks*

The Issuer may (as specified in the applicable Final Terms) be entitled to redeem Notes either by payment of a cash amount ("**Cash-Settled Notes**") and/or by physical delivery of all or part of a Relevant Asset or some other asset or property ("**Physically-Settled Notes**"). In certain circumstances, the cash amount payable on Cash-Settled Notes, or

the value of assets or property deliverable on Physically-Settled Notes, on redemption of such Notes (whether at maturity or otherwise) may be less than the principal amount of the Notes together with any accrued interest and may in certain circumstances be zero. In addition, in respect of any Physically-Settled Notes, risk of delivery of the relevant asset or property will be the risk of the Noteholders and where any settlement disruption or other intervening event occurs this may mean that physical settlement cannot be made.

***The yield to maturity of the Notes may be adversely affected by redemptions by the Issuer***

The yield to maturity of each series of Notes may depend on: (i) the amount and timing of the repayment of principal or other redemption amounts on the Notes or periodic payments, if any, on the Notes; and (ii) the price paid by the Noteholders of each series. The yield to maturity of the Notes may be adversely affected where such amounts paid by the Issuer to the Noteholders, in accordance with their terms, are lower than anticipated.

***The Notes may be redeemed early if the Issuer's performance under such Notes has become unlawful or impractical in whole or in part for any reason or if certain regulatory event(s) occur, or in certain other circumstances***

In the event that the Calculation Agent determines that the performance of the obligations of the Issuer, or the obligations of the Guarantor under the Notes, or any arrangements made to hedge the Issuer's obligations under the Notes, has or will become unlawful, illegal or otherwise prohibited in whole or in part or a relevant change in any applicable law or regulation has occurred or certain other events specified in the relevant Technical Annex (have occurred) the Issuer may redeem or cancel the Notes as at the Early Redemption Amount specified in the applicable Final Terms.

***Time Lag After Redemption***

Unless otherwise specified in the relevant Final Terms, in the case of Notes which the Issuer is required to redeem prior to the Maturity Date at the option of the Noteholder, there will be a time lag between the time a Noteholder gives the instruction to redeem and the time the applicable Optional Redemption Amount is determined by the Calculation Agent. Such time lag could be significantly longer, however, particularly in the case of a delay in the redemption of Notes due to there being a limit on the maximum number of Notes redeemable on any one day, following the imposition of any exchange controls or similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies), or following a determination by the Issuer, or the Calculation Agent, as applicable, that there should be a change or changes to the calculation of the Optional Redemption Amount, or to the terms of the Notes. The applicable Optional Redemption Amount may change significantly during any such period, and such movement or movements could decrease the Optional Redemption Amount, and may result in a Noteholder not realising a return or making a greater less than would otherwise be the case on an investment in the Notes.

***Hedging***

In connection with the offering of the Notes, the Issuer, the Guarantor and/or any of their affiliates or other parties may enter into one or more hedging transactions with respect to the underlying equities, indices, commodity prices or such other Relevant Asset to which payments under the Notes are related. In connection with such hedging activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and/or any of their affiliates or other parties, the Issuer, the Guarantor and/or any of its affiliates or other parties may enter into transactions in the Relevant Asset(s) or related derivatives which may affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interest of the relevant Noteholders.

It may not be possible to use the Notes as a perfect hedge against the market risk associated with investing in a Relevant Asset. Prospective purchasers intending to purchase Notes to hedge against the market risk associated with investing in a Relevant Asset should recognise the complexities of utilising Notes in this manner. For example, the value of the Notes may not exactly correlate with the value of the Relevant Asset. Due to fluctuating supply and demand for the Notes, there is no assurance that their value will correlate with movements of the Relevant Asset. For these reasons, among others, it may not be possible to purchase or liquidate Notes in a portfolio at the prices used to calculate the value of any relevant index or basket.

## **5. Risks associated with specific Types of Notes**

### ***Risks relating to Fixed Rate Notes and Floating Rate Notes***

Investment in Fixed Rates Notes involves the risk that subsequent changes in the market interest rates may adversely affect the value of the Fixed Rate Notes.

Notes with floating interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market value may be more volatile than those for securities that do not include these features. An investor may receive substantially less or no interest at all on such Floating Rate Notes.

### ***Risks relating to Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the then prevailing spreads on comparable floating rate notes relating to the same reference rate. In addition, the new floating rate at any time may be lower than the interest rates payable on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing interest rates payable on its securities.

### ***Risks relating to Inverse Floating Rate Notes***

Inverse Floating Rate Notes may have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as the London Interbank Offered Rate (LIBOR). The market value of Inverse Floating Rate Notes typically is more volatile than the market value of other more conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate payable on the Notes, but may also reflect an increase in prevailing interest rates, which may further adversely affect the market value of the Notes.

### ***Risks relating to Equity Linked Notes***

The Issuer may issue Equity Linked Notes where the amount of principal and/or interest payable are dependent upon the price of or changes in the price of equity securities or a basket of equity securities or where, depending on the price of or change in the price of equity securities or the basket of equity securities, on redemption the Issuer's obligation is to deliver specified assets. Equity securities may include depositary receipts.

Potential investors in Equity Linked Notes should be aware that, depending on the terms of the Equity Linked Notes, (i) they may receive no interest or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected, and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the price of the equity security or basket of equity securities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices, and the timing of changes in the relevant price of the equity security or equity securities may affect the actual yield to investors, even if the average level is consistent with their expectations.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the equity security or equity securities on principal or interest payable will be magnified.

A holder of the Notes will not be a beneficial owner of the underlying equity securities and therefore will not be entitled to receive any dividends or similar amounts paid on the underlying equity securities, nor will a Noteholder be entitled to purchase the underlying equity securities by virtue of their ownership of the Notes. Moreover, holders of

the Notes will not be entitled to any voting rights or other control rights that holders of the underlying equity securities may have with respect to the issuer of such underlying equity securities. Unless otherwise specified in the applicable Final Terms, the Interest Amount and/or Final Redemption Amount will not reflect the payment of any dividends on the underlying equity securities. Accordingly, the return on the Notes will not reflect the return an investor would realise if it actually owned the underlying equity securities and received dividends, if any, paid on those securities. Therefore, the yield to maturity based on the methodology for calculating the Final Redemption Amount will not be the same yield as would be produced if the underlying equity securities were purchased directly and held for a similar period.

In the case of Equity Linked Notes following the declaration by the Share Company (as defined in the (Equity Linked Conditions) of the terms of any Potential Adjustment Event (as defined in the Equity Linked Conditions), the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any of the terms of the relevant Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and (ii) determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Equity Linked Notes.

Equity Linked Notes may also be subject to certain disruption provisions. In particular, the Calculation Agent may determine that an event giving rise to a Disrupted Day (as defined in the Equity Linked Conditions) has occurred at any relevant time. Any such determination may have an effect on the timing of valuation, and consequently the value of the Equity Linked Notes, and/or may delay settlement in respect of the Notes. In addition certain extraordinary events may lead to early redemption of the Notes or to a change in the composition of the basket of equities (where applicable) in accordance with the criteria specified in the Equity Linked Conditions. Prospective purchasers should review the Equity Linked Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Notes.

Where the Notes provide for physical delivery, the Calculation Agent may determine that a Settlement Disruption Event is subsisting. A Settlement Disruption Event is an event beyond the control of the Issuer as a result of which, in the opinion of the Calculation Agent, the Issuer cannot make delivery of the specified assets. Any such determination may affect the value of the Notes and/or may delay settlement in respect of the Notes.

The market price of Equity Linked Notes may be volatile and may be affected by the time remaining to the maturity date, the volatility of the equity security or equity securities, the dividend rate (if any) and the financial results and prospects of the issuer or issuers of the relevant equity security or equity securities as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such securities may be traded.

No Share Company or Basket Company (as such terms are defined in the Equity Linked Conditions) will have participated in the preparation of the relevant Final Terms or in establishing the terms of the Equity Linked Notes and none of the Issuer, the Guarantor or any Dealer will be required to make any investigation or enquiry in connection with such offering with respect to any information concerning any such Share Company or Basket Company contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Final Terms) that would affect the trading price of the share or depositary receipt (where applicable) will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such a Share Company or Basket Company could affect the trading price of the share or depositary receipt (where applicable) and therefore the trading price of the Notes.

The Issuer may vary the manner in which a particular series of Notes are redeemed, if specified in the applicable Final Terms. At its sole and absolute discretion, it may elect not to pay the relevant Noteholders the Final Redemption Amount or to deliver or procure delivery of the relevant Asset Amount, to the relevant Noteholders, as the case may be, and in lieu thereof, deliver or procure the delivery of the relevant Asset Amount or make payment of the

Early Redemption Amount on the Scheduled Maturity Date to the relevant Noteholders. See Equity Linked Condition 12 (*Variation of Settlement*) herein.

### ***Risks relating to Equity Index Linked Notes***

The Issuer may issue Equity Index Linked Notes where the amount of principal and/or interest payable are dependent upon the level of an equity index or equity indices.

Potential investors in any such Notes should be aware that, depending on the terms of the Equity Index Linked Notes, (i) they may receive no interest or a limited amount of interest, (ii) payment of principal or interest may occur at a different time than expected, and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the level of the index or indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices, and the timing of changes in the relevant level of the index or indices may affect the actual yield to investors, even if the average level is consistent with their expectations

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the index or the indices on principal or interest payable will be magnified.

Equity Index Linked Notes may be subject to certain disruption provisions. In particular, the Calculation Agent may determine that an event giving rise to a Disrupted Day (as defined in the Equity Index Linked Conditions) has occurred at any relevant time. Any such determination may have an effect on the timing of valuation, and consequently the value of the Notes, and/or may delay settlement in respect of the Notes. In addition certain extraordinary events may lead to early redemption of the Notes. Prospective purchasers should review the Equity Index Linked Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Notes.

The market price of Equity Index Linked Notes may be volatile and may depend on the time remaining to the maturity date and the volatility of the level of the index or indices. The level of the index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities comprising the index or indices may be traded.

### ***Risks relating to Currency Linked Notes***

The Issuer may issue Currency Linked Notes where the amount of principal and/or interest payable are dependent upon movements in currency exchange rates or are payable in one or more currencies which may be different from the currency in which the Notes are denominated.

Potential investors in Currency Linked Notes should be aware that, depending on the terms of the Currency Linked Notes, (i) they may receive no interest or a limited amount of interest, (ii) payment of principal or interest may occur at a different time or in a different currency than expected, and (iii) they may lose a substantial portion of their investment. In addition, movements in currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices, and the timing of changes in the exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations.

Payments of principal and interest or other obligations of the Issuer in respect of any Series of Notes may be restricted upon the occurrence of certain disruption events described in the applicable Final Terms. A relevant disruption event may relate to the imposition of currency or exchange controls in any specified country or to a nationalisation, or any other circumstance as provided in the applicable Final Terms. Following a relevant disruption event, the Issuer shall be entitled to require the Calculation Agent to adjust the Notes or to redeem the Notes early or to postpone payments or deliveries in respect of the Notes so long as the relevant disruption event continues provided that if the relevant disruption event continues for a period of two years the Notes shall expire worthless and shall be cancelled.



If the amount of principal and/or interest payable are dependent upon movements in currency exchange rates and are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the currency exchange rates on principal or interest payable will be magnified.

The market price of Currency Linked Notes may be volatile and, if the amount of principal and/or interest payable are dependent upon movements in currency exchange rates, may depend upon the time remaining to the redemption maturity date and the volatility of currency exchange rates. Movements in currency exchange rates may be dependent upon economic, financial and political events in one or more jurisdictions.

The value of any currency, including those currencies specified in any indicative transaction, may be affected by complex political and economic factors. The exchange rate of each currency referenced in a Currency Linked Note is at any moment a result of the supply and demand for the two currencies, and changes in the exchange rate result over time from the interaction of many factors directly or indirectly affecting economic and political conditions in the originating country of each currency, including economic and political developments in other countries. Of particular importance are the relative rates of inflation, interest rate levels, the balance of payments and the extent of governmental surpluses or deficits in such countries, all of which are in turn sensitive to the monetary, fiscal and trade policies pursued by the governments of such countries and other countries important to international trade and finance. Foreign exchange rates can either be fixed by sovereign governments or floating. Exchange rates of most economically developed nations are permitted to fluctuate in value. However, governments sometimes do not allow their currencies to float freely in response to economic forces. Governments use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the exchange rates of their respective currencies. They may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. Thus, a special risk in purchasing the Notes is that the liquidity, trading value and amounts payable could be affected by the actions of the sovereign government which could change or interfere with theretofore freely determined currency valuation, fluctuations in response to other market forces and the movement of currencies across borders.

### ***Risks relating to Commodity Linked Notes***

The Issuer may issue Commodity Linked Notes where the amount of principal and/or interest payable are dependent upon the price or changes in the price of a commodity or basket of commodities or where, depending on the price or change in the price of the commodity or basket of commodities, on redemption the Issuer's obligation is to deliver specified assets.

Potential investors in Commodity Linked Notes should be aware that, depending on the terms of the Commodity Linked Notes, (i) they may receive no interest or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected, and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the price of the commodity or commodities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices, and the timing of changes in the relevant price of the commodity or the commodities may affect the actual yield to investors, even if the average level is consistent with their expectations.

Commodity Linked Notes may be subject to certain disruption provisions or extraordinary event provisions. Relevant events may relate to market disruptions, or other extraordinary events in relation to the relevant commodity or commodities. If the Calculation Agent determines that any such event has occurred this may delay valuations under and/or settlements in respect of the Notes and consequently adversely affect the value of the Notes. In addition certain extraordinary or disruption events may lead to early redemption of the Notes. Prospective investors should review the Commodity Linked Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Note.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the commodity or commodities on principal, interest payable or the amount of specified assets deliverable will be magnified.

The market price of Commodity Linked Notes may be volatile and may depend on the time remaining to the redemption date and the volatility of the price of the commodities. The price of commodities may be affected by economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any such commodities may be traded.

The prices of commodities may be volatile, and, for example, may fluctuate substantially if natural disasters or catastrophes, such as hurricanes, fires or earthquakes, affect the supply or production of such commodities. The prices of commodities may also fluctuate substantially if conflict or war affects the supply or production of such commodities. If any interest and/or the redemption amount payable in respect of a Commodity Linked Note is linked to the price of a commodity, any change in the price of such commodity may result in the reduction of the amount of interest and/or the redemption amount payable. The reduction in the amount payable on the redemption of the Commodity Linked Notes may result, in some cases, in a holder receiving a smaller sum on redemption of a Commodity Linked Note than the amount originally invested in such Commodity Linked Note.

### ***Commodity Linked Notes which are linked to a commodity pool***

Unlike an investment in the Notes, an investment in a collective investment vehicle that invests in futures contracts on behalf of its participants may be regulated as a commodity pool and its operator may be required to be registered with and regulated by the United States Commodity Futures Trading Commission ("CFTC") as a commodity pool operator. Because any Commodity Linked Notes issued will not be regulated by the CFTC as a commodity pool, the Issuer will not be registered with the CFTC as a commodity pool operator, and the Noteholders will not benefit from the CFTC's or any non-U.S. regulatory authority's regulatory protections afforded to persons who trade in futures contracts or who invest in regulated commodity pools.

Commodity indices to which Commodity Linked Notes may be indexed may include over-the-counter contracts (such as swaps and forward contracts) traded on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation. As a result, trading in such contracts, and the manner in which prices and volumes are reported by the relevant trading facilities, may not be subject to the same provisions of, and the protections afforded by, the United States Commodity Exchange Act, as amended, or other applicable United States or foreign statutes and related regulations, that govern trading on regulated futures exchanges. In addition, many electronic trading facilities have only recently initiated trading and do not have significant trading histories. As a result, the trading of contracts on such facilities and the inclusion of such contracts in the relevant Commodity Index (as specified in the applicable Final Terms) may be subject to certain risks not presented by most exchange-related futures contracts, including risks related to the liquidity and price histories of the relevant contracts.

### ***Risks relating to Fund Linked Notes***

The Issuer may issue Fund Linked Notes where the amount of principal and/or interest payable are dependent upon the price or changes in the price of units or shares in a fund or funds or where, depending on the price or changes in the price of units or shares in such fund or funds, on redemption the Issuer's obligation is to deliver specified assets. Funds may include certain exchange traded funds ("ETFs").

Fund Linked Notes may be subject to certain disruption provisions or extraordinary event provisions. Relevant events may relate to market disruptions, or other extraordinary events in relation to the relevant fund or funds and/or, in the case of the ETFs, the corresponding underlying Index. If the Calculation Agent determines that any such event has occurred this may delay valuations under and/or settlements in respect of the Notes and consequently adversely affect the value of the Notes. In addition certain extraordinary or disruption events may lead to early redemption of the Notes. Prospective investors should review the Fund Linked Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Note.

Potential investors in Fund Linked Notes should be aware that, depending on the terms of the Fund Linked Notes, (i) they may receive no interest or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected, and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the price of units or shares in the fund or funds may be subject to

significant fluctuations that may not correlate with changes in interest rates, currencies or other indices, and the timing of changes in the relevant price of the units or shares in the fund or funds may affect the actual yield to investors, even if the average level is consistent with their expectations. In addition, the fund interests may be illiquid and this may adversely affect returns (if any) on the Notes.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the units or shares of the fund or funds on principal or interest payable will be magnified.

The market price of Fund Linked Notes may be volatile and may depend on the time remaining to the maturity date and the volatility of the price of units or shares in the fund or funds. The price of units or shares in a fund may be affected by the economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) (if any) on which any units in the fund or funds may be traded.

Fund units, and investments in hedge funds generally, are speculative and involve a high degree of risk. Neither the Issuer nor the Guarantor gives any assurance as to the performance of fund units. Hedge funds generally do not make information about their operations and holdings public. Even if the Issuer or any of its affiliates may have arrangements with a fund manager to obtain information required to calculate the value of the fund, it may not have access to the activities of the fund on a continuous basis or at all. There may be no regulatory requirements compelling funds to release information of the kind that would allow the Issuer, or any affiliate to value a fund or to accurately determine the value of the fund units and, consequently, the amount of principal and/or interest payable on the relevant Notes.

The Issuer and certain of its Affiliates from time to time obtain information regarding specific hedge funds that may not be available to the general public. Any such information is obtained by the Issuer and certain of its affiliates in the ordinary course of their businesses, and not in connection with the offering of the Notes (including in respect of funds that are managed by managers affiliated with the Issuer). In connection with the ordinary course of their businesses, the Issuer and certain of its affiliates may recommend, or determine not to recommend, specific hedge funds to their clients. Hedge funds as to which the Issuer and certain of its affiliates have formed investment recommendations may now or may in the future be among the underlying funds used in the redemption formula of Notes. Any views that may be held by the Issuer and certain of its affiliates with respect to the expected future performance of one or more of the funds (including in respect of funds that are managed by managers affiliated with the Issuer) would not be an indication of the future expected performance of the fund, and neither the Issuer nor any of its affiliates has formed a view with respect to the expected future performance of a fund. The offering of the Notes does not constitute a recommendation by the Issuer or any of its affiliates with respect to an investment linked to an underlying fund (including in respect of funds that are managed by managers affiliated with the Issuer).

Funds may trade and invest in a broad range of investments such as debt and equity securities, commodities and foreign exchange and may enter into derivative transactions, including, without limitation, futures and options. Funds may often be illiquid and may only be traded on a monthly, quarterly or even less frequent basis. The trading strategies of Funds are often opaque. Funds, as well as the markets and instruments in which they invest, are often not subject to review by governmental authorities, self-regulatory organisations or other supervisory authorities.

Investments made by the underlying funds can involve substantial risks. The nature of these investments means that the value of the fund units may fluctuate significantly during a day or over longer periods. Consequently, the performance of the fund units over a given period will not necessarily be indicative of future performance. A fund and any fund components in which it may invest may utilise, *inter alia*, strategies such as short-selling, leverage, securities lending and borrowing, investment in sub-investment grade or non-readily realisable investments, uncovered options transactions, options and futures transactions and foreign exchange transactions and the use of concentrated portfolios, each of which could, in certain circumstances, magnify adverse market developments and losses. Funds, and any fund components in which it may invest, may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated. No assurance can be given relating to the present or future performance of any fund and any fund component in which it may invest. The performance of each fund and any fund component in which it may invest is dependent on the performance of the fund managers in selecting fund

components and the management of the relevant component in respect of the fund components. No assurance can be given that these persons will succeed in meeting the investment objectives of the relevant fund, that any analytical model used thereby will prove to be correct or that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investment in which a fund has or may invest will prove accurate.

The underlying funds may have recourse to leverage, i.e., borrow amounts that represent more than 100.00 per cent. of the value of their assets to invest further in assets that involve further risks. Accordingly, a small downward movement in the value of a fund's assets may result in a significantly larger loss of the fund.

Fund managers may be eligible to earn incentive compensation. The potential for a fund manager to earn performance based compensation may encourage such fund manager to trade in a more speculative manner than it otherwise would.

Fund managers' investments are not verified. Neither the Issuer nor any of its affiliates is or will be responsible for verifying or ensuring that the fund's managers comply with its stated trading strategy.

Fund managers (including a manager that is affiliated with the Issuer) do not have any obligations to the Noteholders, or other role in connection with, the Notes, including any obligation to take the needs of the Noteholders into consideration for any reason. Fund managers are not responsible for, and have not endorsed or participated in, the offering, placement, sale, purchase or transfer of the Notes. The fund's managers are not responsible for, and will not participate in, the determination or calculation of the amounts receivable by Noteholders.

Hedge funds, including the underlying funds, are not subject to the same regulatory regime, or regulated to the same extent as, mutual funds or registered securities or securities offerings. Changes to the current regulatory environment could affect the investment, operations and structure of the underlying funds and could adversely affect the performance of the underlying funds. The underlying funds may invest in assets that involve further risks.

Fees, deductions and charges may reduce the amount of principal and/or interest payable under the Notes. Fund fees will be deducted from the net asset value of the fund, reducing the value of the fund units. Accordingly, to the extent that the amount of principal and/or interest payable under the Notes is linked to the net asset value of a fund, the relevant amount(s) payable to Noteholders will be less than it would have been absent these fees, deductions and charges, but the Issuer or one of its affiliates may be the beneficiary of such fees or obtain rebate on such fees from third parties.

Additional investments in, or withdrawals of amounts previously invested in, the fund may adversely affect the value of the fund units. The Issuer or one of its affiliates, in order to hedge its obligations under the Notes, may enter into a hedging transaction which may directly or indirectly involve investing in units of the underlying funds. Prospective investors should be aware that, as a result of hedging decisions by the hedging counterparty, transfers into or out of the fund by the hedging counterparty may affect the value of the fund units and, in turn, the Final Redemption Amount of the Notes.

The valuation of a fund is generally controlled by the relevant fund manager or the investment adviser (as the case may be) of the fund. Valuations are performed in accordance with the terms and conditions governing the fund. Such valuations may be based upon the unaudited financial records of the fund and any accounts pertaining thereto. Such valuations may be preliminary calculations of the net asset values of the fund and accounts. The fund may hold a significant number of investments which are illiquid or otherwise not actively traded and in respect of which reliable prices may be difficult to obtain. In consequence, the relevant fund manager or the investment adviser may vary certain quotations for such investments held by the fund in order to reflect its judgement as to the fair value thereof. Therefore, valuations may be subject to subsequent adjustments upward or downward. Uncertainties as to the valuation of the fund assets and/or accounts may have an adverse effect on the net asset value of the relevant fund where such judgements regarding valuations prove to be incorrect.

There are numerous additional risks relating to Notes linked to hedge funds and other types of fund, and the applicable Final Terms in respect of such Notes may include additional risk factors. For all of the above reasons,

investing directly or indirectly in funds is generally considered to be risky. If the underlying fund does not perform sufficiently well, the value of the Notes will fall and may in certain circumstances be zero.

Prospective investors should review carefully the prospectus, information memorandum and/or offering circular (if any) issued by the relevant fund prior to purchasing any Notes. None of the Issuer, the Guarantor, any Dealer or the Calculation Agent provides any assurance as to the creditworthiness of any relevant fund or any such fund's administrator, custodian, investment manager or adviser or in respect of any prospectus, information memorandum and/or offering circular (if any) issued by any relevant fund.

### ***Risks relating to Credit Linked Notes***

The Issuer may issue Credit Linked Notes where the amount of principal and/or interest payable are dependent upon whether certain events have occurred in respect of a specified entity (a "**Reference Entity**") and, if so, on the value of certain specified assets ("**Reference Obligations**") of the Reference Entity or where, if such events have occurred, on redemption the Issuer's obligation is to deliver certain specified assets ("**Deliverable Obligations**"). In certain circumstances the Calculation Agent may determine Valuation Obligations in the a similar manner to Deliverable Obligations. In such case, the Valuation Obligations, as determined by the Calculation Agent, would be used to determine the Final Price. All references in this section to Reference Obligations shall be deemed to include Valuation Obligations, as applicable.

Potential investors in Credit Linked Notes should be aware that, depending on the terms of the Credit Linked Notes, (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected, and (iii) they may lose all or a substantial portion of their investment.

There may exist at times only small or no markets for the Notes and for the obligations of the Reference Entity to which the Notes are linked, resulting in low or non-existent volumes of trading in the Notes and such obligations, and therefore a lack of liquidity and price volatility of the Notes and such obligations.

In selecting any Reference Obligations hereunder, the Calculation Agent is under no obligation to the Noteholders or any other person and, provided that the obligation selected meets the applicable criteria (if any), is entitled, and indeed will endeavour, to select obligations with the lowest or highest price (depending on who is the buyer) of any obligations which meet such criteria. In making any selection, the Calculation Agent will not be liable to account to the Noteholders or any other person for any profit or other benefit to it or any of its affiliates which may result directly or indirectly from any such selection.

In selecting any substitute Reference Entity, any Valuation Date, any Quotation Amount or any Quotation Time or in making any other selection in accordance with the terms of the Notes, the Calculation Agent is under no obligation to the Noteholders or any other person and provided that the relevant selection meets the criteria specified, the Calculation Agent will not be liable to account to the Noteholders or any other person for any profit or other benefit to it or any of its affiliates which may result directly or indirectly from any such selection.

In addition, the Issuer, the Guarantor and their affiliates may, for their own account and for the account of customers, engage in any kind of transactions and other business directly or indirectly involving a Reference Entity and may act with respect to such business in the same manner as it would if the Notes had not been issued, regardless of whether any such action might have an adverse effect directly or indirectly on a Reference Entity. The Issuer and its affiliates may on the Issue Date of the Notes or at any time thereafter be in possession of information in relation to a Reference Entity that is or may be material in the context of the issue of Notes and that may not be publicly available or known to the purchasers. There is no obligation on the part of the Issuer, the Guarantor or their affiliates to disclose to the Noteholders any such relationship or information.

Upon the occurrence of a Credit Event, there is a risk of the loss of a substantial portion, or all, of the principal amount of the Notes. If a Credit Event Notice is served in connection with a Credit Event of a Reference Entity, the Notes may be subject to redemption at a price which may be at a considerable discount to par and could be zero.

Prospective investors therefore risk losing all principal and interest on the Notes. Noteholders will have no right to vote or exercise any other right or remedy with respect to the Reference Entity(ies) or any of its obligations.

Not all of the Credit Events require an actual default with respect to the Reference Entity's(ies) obligations. Thus, Noteholders could bear losses based on deterioration in the credit of the Reference Entity(ies) short of a default, subject to the provisions set out in the applicable Final Terms. Also, not all of the Credit Events are triggered by events which are easily ascertainable and disputes can and have arisen as to whether a specific event with respect to a Credit Event did or did not constitute a Credit Event. The Calculation Agent's good faith, reasonable determination that a Credit Event has or has not occurred will be binding on the Noteholders. The Calculation Agent's view of whether a Credit Event has occurred may be different from the view of the Noteholders or other financial institutions, rating agencies or commentators.

In the event of a Credit Event, Noteholders may receive Deliverable Obligations which may be in default. In this case a Credit Event, under the terms of the applicable Final Terms, the Issuer will be free to deliver any obligations of the Reference Entity in respect of which such Credit Event has occurred (whether as principal, guarantor or otherwise) which satisfy the requirements for a Deliverable Obligation. Such obligations are likely to be in default at the time of delivery. Further, in selecting such obligations the Issuer will not be required to consider the interests of the Noteholders or mitigate the Noteholders' losses. The Issuer may have complete discretion to select the cheapest obligations of the Reference Entity so long as such obligations satisfy the requirements for a Deliverable Obligation.

The market price of Credit Linked Notes may be volatile and will be affected by, amongst other things, the time remaining to the maturity date and the creditworthiness of the Reference Entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

Where the Notes provide for physical delivery, the Issuer may determine that the Deliverable Obligations are either (a) assets which for any reason (including, without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of assets which are loans) it is impossible or illegal to deliver on the Settlement Date, or (b) assets which the Issuer and/or any affiliate has not received under the terms of any transaction entered into by the Issuer and/or such affiliate to hedge the Issuer's obligations in respect of the Notes. Any such determination may delay settlement in respect of the Notes and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount which, in either case, may affect the value of the Notes and, in the case of payment of a cash amount, will affect the timing of the valuation of such Notes and, as a result, the amount of the relevant amount payable on redemption. Prospective purchasers should review the Conditions of the Notes and the applicable Final Terms to ascertain whether and how such provisions should apply to the Notes.

Upon the occurrence of a Credit Event, the Issuer may, at its option, redeem the relevant Credit Linked Notes in which case the Issuer's obligation to pay principal may be replaced by an obligation to pay other amounts calculated by reference to the value of the Reference Obligation(s) and/or to deliver the Deliverable Obligation(s) and, upon the payment of such amounts or the delivery of such Deliverable Obligation(s), any claims or rights of the Noteholders relating to payment shall be extinguished. The Issuer's obligations in respect of Credit Linked Notes are not dependent on the existence of credit exposure of the Issuer to a Reference Entity and the Issuer need not itself suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

If so specified in the applicable Final Terms the Issuer may issue certain Portfolio Credit Linked Notes, Portfolio Maturity Settled Credit Linked Notes or first to default Credit Linked Notes. For each such type of Note more than one Reference Entity will be specified and a Noteholder takes credit risk in relation to each such Reference Entity. In the case of Portfolio Credit Linked Notes and Portfolio Maturity Settled Credit Linked Notes a relevant portion of each such Note will be affected by the occurrence of a Credit Event in relation to a relevant Reference Entity and interest, if any, in respect of the Notes will reduce as a result. In the case of Portfolio Credit Linked Notes a partial redemption in cash or by delivery of relevant deliverable obligations may be made as each relevant Credit Event occurs, while in the case of Portfolio Maturity Settled Credit Linked Notes amounts in respect of each Credit Event, if any, will be payable at maturity. In the case of first to default Credit Linked Notes, the first Reference Entity in respect of which

a Credit Event occurs will lead to redemption of the Notes on the basis described above as though such Notes were Credit Linked Notes relating to a single Reference Entity.

The Issuer's obligations in respect of Credit Linked Notes are irrespective of the existence or amount of the Issuer's and/or any affiliates' credit exposure to a Reference Entity and the Issuer and/or any affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

The Issuer may vary the manner in which a particular series of Notes are redeemed, as specified in the applicable Final Terms. At its sole and absolute discretion, it may elect not to pay the relevant Noteholders the Credit Event Redemption Amount, as the case may be, or to deliver or procure delivery of the relevant Deliverable Obligations to the relevant Noteholders, as the case may be, and, in lieu thereof, deliver or procure the delivery of the relevant Deliverable Obligations or make payment of the Credit Event Redemption Amount on the Credit Event Redemption Date to the relevant Noteholders. See General Condition 7 (*Redemption and Purchase*) below.

### ***Risks relating to Inflation Linked Notes***

The Issuer may issue Inflation Linked Notes where the amount of principal and/or interest payable are dependent upon the level of an inflation/consumer price index or indices.

Potential investors in any such Notes should be aware that depending on the terms of the Inflation Linked Notes (i) they may receive no interest or a limited amount of interest, (ii) payment of principal or interest may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the level of the inflation/consumer price index or indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the index or indices may affect the actual yield to investors, even if the average level is consistent with their expectations.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the inflation/consumer price index or the indices on principal or interest payable will be magnified.

A relevant consumer price index or other formula linked to a measure of inflation to which the Notes are linked may be subject to significant fluctuations that may not correlate with other indices. Any movement in the level of the index may result in a reduction of the interest payable on the Notes (if applicable) or, in the case of Notes with a redemption amount linked to inflation, in a reduction of the amount payable on redemption which in some cases could be less than the amount originally invested.

The timing of changes in the relevant consumer price index or other formula linked to the measure of inflation comprising the relevant index or indices may affect the actual yield to investors on the Notes, even if the average level is consistent with their expectations.

An index to which interest payments and/or the redemption amount of Inflation Linked Notes are linked is only one measure of inflation for the relevant jurisdiction, and such Index may not correlate perfectly with the rate of inflation experienced by Noteholders in such jurisdiction.

Inflation Linked Notes may be subject to certain disruption provisions or extraordinary event provisions. Relevant events may relate to market disruptions, or other extraordinary events in relation to the relevant level of inflation/consumer price index or indices. If the Calculation Agent determines that any such event has occurred this may delay valuations under and/or settlements in respect of the Notes and consequently adversely affect the value of the Notes. In addition certain extraordinary or disruption events may lead to early redemption of the Notes. Prospective investors should review the Inflation Linked Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Note.

The market price of Inflation Linked Notes may be volatile and may depend on the time remaining to the maturity date and the volatility of the level of the index or indices. The level of the inflation/consumer price index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities comprising the inflation/consumer price index or indices may be traded.

### ***Risks relating to Property Linked Notes***

The Issuer may issue Property Linked Notes where the amount of principal and/or interest payable are dependent upon the level of a property index or indices.

Potential investors in any such Notes should be aware that depending on the terms of the Property Linked Notes (i) they may receive no interest or a limited amount of interest, (ii) payment of principal or interest may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the level of the property index or indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the index or indices may affect the actual yield to investors, even if the average level is consistent with their expectations.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the property index or the indices on principal or interest payable will be magnified.

Property Linked Notes may be subject to certain disruption provisions or extraordinary event provisions. Relevant events may relate to market disruptions, or other extraordinary events in relation to the relevant property index or indices. If the Calculation Agent determines that any such event has occurred this may delay valuations under and/or settlements in respect of the Notes and consequently adversely affect the value of the Notes. In addition certain extraordinary or disruption events may lead to early redemption of the Notes. Prospective investors should review the Property Linked Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Note.

The market price of Property Linked Notes may be volatile and may depend on the time remaining to the maturity date and the volatility of the level of the index or indices. The level of the property index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities comprising the property index or indices may be traded.

### ***Risks relating to Dual Currency Notes***

#### ***Investment in Dual Currency Notes may be negatively affected by changes in exchange rates and exchange controls***

With respect to an investment in Dual Currency Notes that are denominated and/or payable in a Specified Currency, there will be significant risks associated with such an investment, including the possibility of material changes in the exchange controls by the applicable governments. The Issuer and the Guarantor have no control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for the applicable currencies. Moreover, if payments on Dual Currency Notes are determined by reference to a formula containing a multiplier or leverage factor, the effect of any change in the exchange rates between the applicable currencies will be magnified. In recent years, exchange rates between certain currencies have been highly volatile and volatility between such currencies or with other currencies may be expected in the future. Fluctuations between currencies in the past are not necessarily indicative, however, of fluctuations that may occur in the future. Depreciation of the payment currency would result in a decrease in the equivalent yield of the Dual Currency Notes, in the equivalent value of the principal generally, and in the equivalent market value of the Dual Currency Notes. Governmental exchange controls could affect exchange rates and the availability of the payment currency on a required payment date. Even if there are no exchange controls, it is possible that the payment currency will not be available on a required payment date due to circumstances beyond the Issuer's or the Guarantor's control.



## **6. Other risks related to Notes generally**

Set out below is a brief description of certain risks relating to the Notes generally:

### ***Modification, waivers and substitution***

The General Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The General Terms and Conditions of the Notes also provide that the Issuer may, without the consent of Noteholders, agree to (i) certain modifications of the Notes, or (ii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in certain circumstances.

### ***EU Savings Directive***

Under the EU Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system, and an amount of, or in respect of tax, were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

## **7. Risks related to the market generally**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, and credit risk:

### ***The secondary market generally***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes, and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### ***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### ***There may be potential conflicts of interests if intermediaries are appointed in connection with the offer or placement of the Notes***

Given that the intermediaries appointed from time to time as distributors and the other entities acting in connection with the offer or placement of the Notes act in their institutional capacity pursuant to a mandate granted by the Issuer and receive fees on the basis of the placement activity carried out and its outcome, such intermediaries generally act in a situation that may give rise to a potential conflict of interest.

### ***Notes where denominations involve integral multiples: Definitive Notes***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time, may not receive Notes in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

## FORM OF THE NOTES

The Notes of each Series will be in bearer form or registered (or inscribed) form. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**") and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A under the Securities Act.

### **Bearer Notes**

Each Tranche of Bearer Notes will be initially represented by either a temporary bearer global note (a "**Temporary Bearer Global Note**") or a permanent bearer global note (a "**Permanent Bearer Global Note**" and, together with the Temporary Bearer Global Note, the "**Bearer Global Notes**") as indicated in the applicable Final Terms of the Notes, which, in either case, will:

- (i) if the Bearer Global Notes are intended to be issued in new global note ("**NGN**") form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"); and
- (ii) if the Bearer Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depository for Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note (if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

In respect of each Tranche of Notes in respect of which a Temporary Bearer Global Note is issued, on and after the date (the "**Exchange Date**") which is 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein for either:

- (iii) interests in a Permanent Bearer Global Note of the same Series; or
- (iv) Definitive Bearer Notes (as defined in the General Terms and Conditions of the Notes) of the same Series (as defined in the General Terms and Conditions of the Notes) with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of Definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms).

In each case such exchange shall be made against certification of beneficial ownership as described above, unless such certification has already been given. Purchasers in the United States and certain U.S. persons will not be able to receive Definitive Bearer Notes or interests in a Permanent Bearer Global Note. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due presentation and certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for Definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the

Permanent Bearer Global Note (if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either:

- (1) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent, or
- (2) only upon the occurrence of an Exchange Event (as defined below).

No Definitive Bearer Notes will be sent by post or otherwise delivered to any location in the United States or its possessions in connection with such exchange.

For these purposes, "**Exchange Event**" means that:

- (1) an Event of Default (as defined in General Condition 10 (*Events of Default*)) has occurred and is continuing;
- (2) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no alternative clearing system satisfactory to the Issuer and the Principal Paying Agent is available; or
- (3) the Issuer or the Guarantor has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form.

The Issuer will promptly give notice to the Noteholders in accordance with General Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (3) above, the Issuer or the Guarantor may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days and on all receipts, talons and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States persons, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts, talons or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect, talons of such Notes, receipts or interest coupons. The term "United States person", as used in this paragraph and in the preceding paragraph, has the meaning set forth in the Internal Revenue Code and the U.S. Treasury regulations thereunder.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

In relation to any Tranche of Notes under the Programme, the Issuer may issue Notes of a minimum authorised denomination of €50,000 and integral multiples of €1,000 (or such other amount as is specified in the applicable Final

Terms) in excess thereof up to and including €99,000 (or such other amount as is specified in the applicable Final Terms). In such case, no Notes in definitive form will be issued with a denomination above €99,000 (or such other amount as is specified in the applicable Final Terms). So long as such Notes are represented by a Temporary Bearer Global Note or Permanent Bearer Global Note and the relevant clearing systems so permit, the Notes will be tradeable only in the minimum authorised denomination of €50,000 and higher integral multiples of €1,000 (or such other amount as is specified in the applicable Final Terms), notwithstanding that no Definitive Bearer Notes will be issued with a denomination above €99,000 (or such other amount as is specified in the applicable Final Terms).

If a Global Bearer Note is exchangeable for a Definitive Bearer Note at the option of the Noteholders, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (as defined in the General Terms and Conditions of the Notes) (or if more than one Specified Denomination, the lowest Specified Denomination).

## **Registered Notes**

Registered Notes may be offered and sold in reliance on Regulation S or in reliance on Rule 144A.

Registered Notes offered and sold in reliance on Regulation S may only be offered and sold to non-U.S. persons outside the United States and will initially be represented by a global note in registered form, without receipts, interest coupons or talons (a "**Regulation S Global Note**") which will be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg. Prior to expiry of the Distribution Compliance Period (as defined in General Terms and Conditions of the Notes) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in General Condition 2 (*Transfers of Registered Notes*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

Registered Notes offered and sold in reliance on Rule 144A may only be offered and sold in the United States or to U.S. persons in private transactions to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act ("**QIBs**") and will be represented by a global note in registered form, without receipts, interest coupons or talons (a "**Rule 144A Global Note**" and, together with a Regulation S Global Note, the "**Registered Global Notes**") which will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("**DTC**").

Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Registered Notes (as defined in the General Terms and Conditions of the Notes).

The Rule 144A Global Note will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person(s) shown on the Register on the relevant Record Date (each as defined in General Condition 6.4 (*Payments in respect of Registered Notes*)) as the registered holder(s) of the Registered Global Notes. None of the Issuer, the Guarantor, any Paying Agent and the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in General Condition 6.4 (*Payments in respect of Registered Notes*)) immediately preceding the due date for payment in the manner provided in that General Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that:

- (1) an Event of Default (as defined in General Condition 10 (*Events of Default*)) has occurred and is continuing;
- (2) in the case of Notes represented by a Rule 144A Global Note only, DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system satisfactory to the Issuer, the Principal Paying Agent and the Registrar is available;
- (3) in the case of Notes represented by a Rule 144A Global Note only, DTC has ceased to constitute a clearing agency registered under the Exchange Act or in the case of Notes represented by a Regulation S Global Note only, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no alternative clearing system satisfactory to the Issuer, the Principal Paying Agent and the Registrar is available;  
or
- (4) the Issuer or the Guarantor has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form.

The Issuer will promptly give notice to the Noteholders in accordance with General Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) and, in the event of the occurrence of an Exchange Event as described in (4) above, the Issuer or the Guarantor may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

### **Transfer of Interests**

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "*Subscription and Sale and Transfer and Selling Restrictions*".**

### **General**

Pursuant to the Agency Agreement (as defined under the General Terms and Conditions of the Notes), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period (as defined in the General Terms and Conditions of the Notes) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Principal Paying Agent.

For so long as any of the Notes is represented by a Bearer Global Note or a Regulation S Global Note held on behalf of or, as the case may be, registered in the name of a common nominee for, Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in

which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Principal Payment Agent, the Paying Agents, the Transfer Agents and the Registrar as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Regulation S Global Note shall be treated by the Issuer, the Guarantor, the Principal Paying Agent, the Paying Agents, the Transfer Agents and the Registrar as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

For so long as any of the Notes is represented by a Rule 144A Global Note registered in the name of DTC or its nominee, each person who is for the time being shown in the records of DTC or such nominee as the holder of a particular nominal amount of such Notes shall be treated by the Issuer, the Guarantor, the Principal Paying Agent, the Paying Agents, the Registrar and the Transfer Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on, or voting, giving consents or making requests in respect of, such nominal amount of such Notes, for which purpose DTC or, in the case of payments only, its nominee shall be treated by the Issuer, the Guarantor, the Principal Paying Agent, the Paying Agents, the Registrar and the Transfer Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of such Rule 144A Global Note; and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

Any reference herein to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, except in relation to Notes issued in NGN form, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in the applicable Final Terms.

Any reference herein to the common depositary shall, whenever the context so permits, be deemed to include references to any successor common depositary or any additional or alternative common depositary as is approved by the Issuer, the Guarantor, the Principal Paying Agent and the Registrar.

Any reference herein to the common nominee shall, whenever the context so permits, be deemed to include references to any successor common nominee or any additional or alternative common nominee as is approved by the Issuer, the Guarantor, the Principal Paying Agent and the Registrar.

## FORM OF WHOLESALE FINAL TERMS

### APPLICABLE FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least €50,000 (or its equivalent in another currency) pursuant to this Prospectus.*

### PLEASE CAREFULLY READ THE RISK FACTORS IN THE PROSPECTUS

**EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN FINANCIAL AND LEGAL ADVISORS ABOUT THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE NOTES AND THE SUITABILITY OF AN INVESTMENT IN THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES**

[Date]

### Abbey National Treasury Services plc

*Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
(the "Notes")*

### Guaranteed by Abbey National plc

under the €2,000,000,000  
Structured Note Programme  
(the "Programme")

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions of the Notes (the "**General Conditions**") set forth in the Prospectus dated 26 March 2009 [and the supplement[s] to it dated [date(s)]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Prospectus dated [current date] [which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [original date] and are attached hereto][as supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as supplemented]. The Prospectus [and the supplement[s] to it] [is/are] available for viewing [during normal business hours at the specified office of Citibank, N.A., London Branch acting as Principal Paying Agent and copies may be obtained from the registered office of the Issuer and the Guarantor]. In the event of any inconsistency between the Conditions and the Final Terms, these Final Terms prevail.

[The provisions of the [Equity / Equity Index / Credit / Fund / Currency / other] Technical Annex [(other than clauses [specify any inapplicable clauses])] [and the Regional Annex]] apply to these Final Terms and such documents shall be read together.] In the event of any inconsistency between the [Equity / Equity Index / Credit / Fund / Currency / other] Technical Annex [or the Regional Annex] and these Final Terms, these Final Terms prevail.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date:*

[Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions, together with the applicable Technical Annexes (the "**Conditions**") set forth in the Prospectus dated [original date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with



the Prospectus dated [current date] which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [original date] and are attached hereto. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [current date] and [original date]. Copies of such Prospectuses are available for viewing [during normal business hours at the registered office of the Issuer and the Guarantor].

*[Include whichever of the following apply or specify as "Not applicable" or "N/A". Note that the numbering should remain as set out below, even if "Not applicable" or "N/A" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing any Final Terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

*[No person has been authorised to give any information or make any representation not contained in or not consistent with these Final Terms, or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any Dealer.]*

*[By investing in the Notes each investor is deemed to represent that:*

- (a) Non-Reliance. It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer, the Guarantor or any Dealer as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer, the Guarantor or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.*
- (b) Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes.*
- (c) Status of Parties. None of the Issuer, the Guarantor and any Dealer is acting as fiduciary for or adviser to it in respect of the investment in the Notes.]*

1. 1.1 Issuer: Abbey National Treasury Services plc

1.2 Guarantor: Abbey National plc

2. 2.1 Series Number: [ ]

2.2 Tranche Number: [ ]

*(If fungible with an existing Series, insert details of that Series, including the date on which the Notes become fungible)*

3. Specified Currency or Currencies: [ ]

4. Aggregate Nominal Amount:

4.1 Series: [ ]

4.2 Tranche: [ ]

5. Issue Price of Tranche:<sup>1</sup> [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from and including [insert date] to but excluding the Issue Date (which is equal to [ ] days' accrued interest (*in the case of fungible issues, if applicable*)]

6. 6.1 Specified Denominations: [ ]

*[Where Bearer Notes and multiple denominations above €50,000 or its equivalent in another currency are being used, the following sample wording should be followed:*

*[[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination exceeding [€99,000].]<sup>2</sup>*

*(N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €50,000 minimum denomination is not required.)*

*[In respect of Registered Notes, this means the minimum integral amount in which transfers can be made and in the case of any transaction in reliance on Rule 144A, shall be at least USD100,000 (or its currency equivalent)]*

*[In respect of Equity Linked Notes which are Physically Settled Notes, Swedish Notes and Credit Linked Notes only, a single denomination must be used]*

6.2 Calculation Amount: [ ]

*(If only one Specified Denomination, insert the Specified Denomination.*

*If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations.*

---

<sup>1</sup> Note that the "Issue Price" is the gross amount received by the Issuer in respect of the Notes being issued and should not be confused with "Offer Price" which may be a different amount depending upon the context in which the expression is used (for example, see Part B paragraph 10).

<sup>2</sup> Not Applicable in the case of Registered Notes

*Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for paying agents and/or ICSDs who should be consulted if such an amount is proposed.)*

7. 7.1 Issue Date: [specify date]
- 7.2 Interest Commencement Date (if [specify date] [Not Applicable] different from the Issue Date):

*(NB: An Interest Commencement Date will not be relevant for certain type of Notes such as a Zero Coupon Note)*

8. Type of Notes:
- [Fixed Rate Notes]
  - [Floating Rate Notes]
  - [Zero Coupon Notes]
  - [Equity Linked Notes]
  - [Equity Index Linked Notes]
  - [Dual Currency Notes]
  - [Inflation Linked Notes]
  - [Commodity Linked Notes]
  - [Currency Linked Notes]
  - [Fund Linked Notes]
  - [Property Linked Notes]
  - [Credit Linked Notes]
  - [Other (specify)]

9. Maturity Date: [Fixed Rate Note/any other Note other than a Floating Rate Note - [specify date]]

[Floating Rate Note — The Interest Payment Date falling in or nearest to [specify month and year/specify other]]

[For Credit Linked Notes, if applicable, insert: [ ] (the "**Scheduled Maturity Date**"), subject to the provisions of the Credit Technical Annex and these Final Terms]

[For Fund Linked Notes, if applicable, insert: [ ] (the "**Scheduled Maturity Date**"), subject to the provisions of the Funds Technical Annex and these Final Terms]

[For Currency Linked Notes, if applicable, insert: [ ] (the "**Scheduled Maturity Date**"), subject to the provisions of the Currency Technical Annex and these Final Terms]

10. Interest Basis:
- [ [ ] per cent. Fixed Rate Note]
  - [[LIBOR/EURIBOR]+/-[ ] per cent. Floating Rate Note]
  - [Zero Coupon]
  - [Equity Index Linked Interest]
  - [Equity Linked Interest]
  - [Dual Currency Interest]
  - [Inflation Linked Interest]

[Commodity Linked Interest]  
[Currency Linked Interest]  
[Fund Linked Interest]  
[Property Linked Interest]  
[Non-interest bearing]  
[specify other]  
(further particulars specified below)

11. Redemption / Payment Basis: [Redemption at par]  
[Equity Index Linked Redemption]  
[Equity Linked Redemption]  
[Dual Currency Redemption]  
[Inflation Linked Redemption]  
[Commodity Linked Redemption]  
[Currency Linked Redemption]  
[Fund Linked Redemption]  
[Property Linked Redemption]  
[Credit Linked Redemption]  
[Partly Paid]  
[Instalment]  
[specify other]  
(further particulars specified below)

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

12. Change of Interest Basis or Redemption/  
Payment Basis: [Applicable] / [Not Applicable]  
  
[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
13. Put/Call Options: [Not Applicable] / [Investor Put] / [Issuer Call] [(further particulars specified below)]
14. 14.1 Status of Notes: Senior  
14.2 Status of Guarantee: Senior
15. Method of Distribution: [Syndicated] / [Non-syndicated]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16. **Fixed Rate Note Provisions** [Applicable] / [Not Applicable]  
  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 16.1 Rate(s) of Interest: [ ] per cent. per annum [payable [annually / semi annually / quarterly/ other/ specify ] in arrear]  
  
*(if payable other than annually consider amending*

General Condition 5)

- 16.2 Interest Payment Date[s]: [[ ] in each year up to and including the Maturity Date] / [specify other]
- (NB: This will need to be amended in the case of long or short coupons)
- 16.3 Fixed Coupon Amount(s): [[ ] per Calculation Amount] / [Not Applicable]  
(Applicable to Notes in definitive form)
- 16.4 Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ] / [Not Applicable]  
(Applicable to Notes in definitive form)
- [Insert particulars of any initial or final broken interest amounts per Calculation Amount which do not correspond with the Fixed Coupon Amount(s)]
- 16.5 Day Count Fraction: [Actual/Actual (ICMA)]/[Act/Act (ICMA)]  
[Actual/Actual (ISDA)]/[Actual/Actual]/[Act/Act]/  
[Act/Act (ISDA)]  
[Actual/365 (Fixed)]/[Act/365 (Fixed)]/[A/365 (Fixed)]/[A/365F]  
[Actual/360]/[Act/360]/[A/360]  
[30/360 (ICMA)]  
[30/360]/[360/360]/[Bond Basis]  
[30E/360]/[Eurobond Basis]  
[30E/360 (ISDA)]
- [specify other] [adjusted / unadjusted]
- (N.B. If interest is not payable on a regular basis (for example, if there are Broken Amounts specified), Actual/Actual (ICMA) may not be a suitable Day Count Fraction)
- (N.B. Actual/Actual (ICMA) is normally only appropriate for Fixed Rate Notes denominated in euros)
- 16.6 Determination Date(s): [ ] in each year
- (Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
- N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration
- N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))
- 16.7 Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]

**17. Floating Rate Note Provisions**

[Applicable] / [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

17.1 Interest Period(s)/Interest Payment Dates: [ ]

17.2 Business Day Convention: [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / [specify other]]

17.3 Additional Business Centre(s): [ ]

17.4 Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination / ISDA Determination / specify other]

17.5 Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [See paragraph 40 below] / [specify other]

[Address]

17.6 Screen Rate Determination: [Applicable] / [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(a) Reference Rate [ ]

*(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)*

(b) Interest Determination Date: [ ]

*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*

(c) Relevant Screen Page: [ ]

*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend fall back provisions appropriately)*

(d) Rate Multiplier: [Applicable] / [Not Applicable]

*(If applicable, set out all relevant provisions here)*

*(specify formula)*

17.7 ISDA Determination: [Applicable] / [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(a) Floating Rate Option: [ ]

(b) Designated Maturity: [ ]

(c) Reset Date: [ ]

17.8 Margin(s): [ +/- ] [ ] per cent. per annum

17.9 Minimum Rate of Interest: [ ] per cent. per annum

17.10 Maximum Rate of Interest: [ ] per cent. per annum

17.11 Day Count Fraction: [Actual/Actual (ISDA)]/[Actual/Actual]  
[Actual/Actual (ICMA)]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360]/[360/360]/[Bond Basis]  
[30E/360]/[Eurobond Basis]  
[30/360 (ICMA)]  
[30E/360 (ISDA)]  
[specify other] [adjusted / unadjusted]

17.12 Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the General Conditions: [ ]

**18. Zero Coupon Note Provisions** [Applicable] / [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

18.1 Accrual Yield: [ ] per cent. per annum

18.2 Reference Price: [ ]

18.3 Any other formula / basis of determining amount payable: [ ]

18.4 Day Count Fraction in relation to Early Redemption Amounts and late payment: [General Condition 7.6(c) and 7.12 apply] / [*specify other*]

*(Consider amending applicable day count fraction if not US\$ denominated)*

- 19. Dual Currency Note Provisions** [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 19.1 Rate(s) of Exchange / method of calculating Rate(s) of Exchange: [ ]
- 19.2 Party, if any, responsible for calculating the principal and/or interest payable (if not the Principal Paying Agent): [See paragraph 40 below] / [*specify other*]
- [Address]
- 19.3 Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest payable where calculation by reference to Rate of Exchange impossible or impracticable: [ ]
- [Need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- 19.4 Day Count Fraction: [Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 30E/360 (ISDA) / Other]
- 19.5 If redeemable in part:
- (a) Minimum Redemption Amount: [ ]
- (b) Maximum Redemption Amount: [ ]
- 19.6 Notice period (if other than as set out in the General Conditions): [ ]
- 19.7 Person at whose option Specified Currency(ies) is/are payable: [ ]
- 20. Other Variable Interest Rate Note Provisions** [Applicable] / [Not Applicable]
- [Equity Index Linked Interest]  
 [Equity Linked Interest]  
 [Inflation Linked Interest]  
 [Commodity Linked Interest]  
 [Currency Linked Interest]  
 [Fund Linked Interest]  
 [Property Linked Interest]  
 [Other (*specify*)]
- (If not applicable, delete the remaining sub-paragraphs of*



*this paragraph)*

- 20.1 Formula for calculating interest rate including provisions for determining coupon where calculation by reference to the underlying is impossible or impracticable and other back up provision: *[Specify or give annex details]*
- 20.2 Calculation Agent responsible for calculating the principal and/or interest due: *[See paragraph 40 below] / [specify other]*
- [Address]*
- [Give name (and if the Notes and derivative securities to which Annex XII of the Prospectus Directive regulation applies, address)]*
- 20.3 Specified Period(s) / Specified Interest Payment Dates: *[ ]*
- 20.4 Business Day Convention: *[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]*
- 20.5 Additional Business Centre(s): *[ ]*
- 20.6 Minimum Rate of Interest: *[ ]* per cent. per annum
- 20.7 Maximum Rate of Interest: *[ ]* per cent. per annum
- 20.8 Day Count Fraction: *[Actual/Actual (ISDA)]/[Actual/Actual]*  
*[Actual/365 (Fixed)]*  
*[Actual/365 (Sterling)]*  
*[Actual/360]*  
*[30/360]/[360/360]/[Bond Basis]*  
*[30E/360]/[Eurobond Basis]*  
*[30E/360 (ISDA)]*  
*[specify other] [adjusted / unadjusted]*
- 20.9 Other terms or special conditions: *[ ]*
- [For additional Currency Linked Interest provisions, insert: See [Paragraph 26 below] / [Currency Technical Annex (Currency Linked Conditions) contained herein]*
- [For additional Equity Linked Interest provisions, insert: See [Paragraph 27 below] / [Equity Technical Annex (Equity Linked Conditions) contained herein]*
- [For additional Equity Index Linked Interest provisions, insert: See [Paragraph 28 below] / [Equity Index*

Technical Annex (*Equity Index Linked Conditions*) contained herein]

[*For additional Fund Linked Interest provisions, insert: See [Paragraph 29 below] / [Funds Technical Annex (Funds Linked Conditions) contained herein]*

[*For additional Commodity Linked Interest provisions, insert: See Paragraph 31 below]*

[*For additional Property Linked Interest provisions, insert: See Paragraph 33 below]*

## PROVISIONS RELATING TO REDEMPTION

21. Issuer Call [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 21.1 Optional Redemption Date(s): [ ]
- 21.2 Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount] / [*specify other*]
- 21.3 If redeemable in part:
- (a) Minimum Redemption Amount: [ ]
- (b) Maximum Redemption Amount: [ ]
- 21.4 Notice period (if other than as set out in the General Conditions): [ ]
- (N.B. If setting notice periods which are different from those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*
22. Investor Put: [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 22.1 Optional Redemption Date(s): [ ]
- 22.2 Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount] / [*specify other*]

- 22.3 Notice period (if other than as set out in the General Conditions) [ ]
- (N.B. If setting notice periods which are different from those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*
23. Final Redemption Amount: [[ ] per Calculation Amount] / [specify other]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
24. Early Redemption Amount payable on redemption for illegality (General Condition 7.4 (*Redemption for illegality*), Regulatory Redemption Event (General Condition 7.5 (*Regulatory Redemption Event*)) on an Event of Default (General Condition 10 (*Events of Default*)) or in any other circumstances specified in the General Conditions: [Market Value / specify other / see Appendix] [*Specify other*]
25. Automatic Early Redemption Event(s): [Applicable – *if so specify definition*] / [Not Applicable]
- 25.1 Target Redemption Event: [Applicable] / [Not Applicable]
- [If applicable, give details, including Automatic Early Redemption Amount and Automatic Early Redemption Date]*
- 25.2 Knock-in Event: [Applicable] / [Not Applicable]
- [If applicable, give details, including Automatic Early Redemption Amount] [If not applicable, delete the remaining sub-paragraphs]*
- (a) Knock-in Level: [ ]
- (b) Automatic Early Redemption Date(s): [ ]
- 25.3 Knock-out Event: [Applicable] / [Not Applicable]
- [If applicable, give details, including Automatic Early Redemption Amount] [If not applicable, delete the remaining sub-paragraphs]*
- (a) Knock-out Level: [ ]

(b) Automatic Early Redemption [ ]  
Date(s):

25.4 Other terms or special conditions: [ ] / [Not Applicable]

[If applicable, give details]

**26. Currency Linked Redemption Notes** [Applicable/Not Applicable]

(NB: complete also in relation to Currency Linked Interest Notes, if applicable) (if not applicable delete the remainder of this paragraph)

26.1 Currency Linked Condition 1: [Applicable/Not Applicable]

*(Specify as "Applicable" if interest amounts and/or Final Redemption Amount are determined by reference to a currency rate(s) to which it is intended Currency Linked Condition 1 applies and in this case specify provisions for determination of each such interest amount or Final Redemption Amount and complete each applicable subparagraph below. Specify as "Not Applicable" (relevant for non-standard currencies) if Currency Technical Annex is being used only for the purposes of adjustment and disruption provisions in Currency Linked Conditions 2, 3 and 4 and in this case complete each applicable subparagraph below except for item 26.2)*

26.2 Provisions for determining the Final Redemption Amount: [[ ] (Express per Calculation Amount)]/[Specify formula]

[Omission / Postponement / Modified Postponement will apply]

26.3 Maturity Date Extension: [Applicable/Not Applicable]

*(If applicable insert all provisions for calculation of each Currency Pair, including each First Currency and Second Currency)*

26.4 Specified Rate(s) and Reference Currencies: [Applicable/Not Applicable]

*[Insert each Specified Rate in relation to each Valuation Date or Averaging Date or other relevant date and Valuation Time, including whether bid, offer or market average rate, if applicable - e.g. as set out below - and repeat as necessary in relation to each Specified Rate. If using any different formulation ensure consistency with Valuation Date and Averaging Date where Currency Reference Dealers may provide the quotations. "The Specified Rate in relation to the [specify Valuation Day, Averaging Date or other relevant date] means the rate at which the Reference Currency [NB set out definition] could be exchanged for the Specified Currency, expressed*

*as the number of units of the Reference Currency (or part thereof) for which one unit of the Specified Currency could be exchanged as quoted by the relevant FX Price Source at or about the Valuation Time on such [specify relevant Valuation Day, Averaging Date or other relevant date], subject to Currency Linked Condition 2".*

- 26.5 NDF Currency(ies): [Applicable/Not Applicable]
- [If applicable, specify each relevant NDF currency. For example, ARS, BRL, CLP, COP, etc. If not applicable, delete the remaining sub-paragraphs of this paragraph. If applicable, insert: See Annex (Special Conditions) contained herein]*
- (a) Unscheduled Holiday: *[Specify meaning in accordance with applicable emerging market trading association templates]*
- (b) Specified NDF Maximum Days of Disruption: [ ] calendar days
- (c) First Fallback FX Price Source: [See item 26.8 below/Not Applicable]
- (d) Second Fallback FX Price Source: [Not Applicable]/[Give details]
- (e) Additional FX Market Disruption Event: [Not Applicable]/[Give details]
- 26.6 Key Dates: *In relation to each of items 26.6(c), (d) and (f) (if applicable), add wording substantially as follows:*
- [Each such date shall be deemed to be a [Valuation/Averaging] Date for the purposes of determining [any Maturity Date extension pursuant to Currency Linked Condition 1] [and/or] [the consequences of any such day not being an FX Business Day or an FX Market Disruption Event occurring in relation to a Specified Rate on any such day in accordance with Currency Linked Condition 4].*
- (a) Trade Date: [ ]
- (b) Valuation Date: [ ]
- (c) Initial Valuation Date: [ ]
- (d) Scheduled Observation Date(s): [ ]
- (e) Observation Period: [ ]
- (f) Final Valuation Date: [ ] [Not Applicable]

- 26.7 Averaging: Averaging [applies/does not apply] to the Notes. [The Averaging Dates are [ ]].
- [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]
- 26.8 FX Price Source(s): [Specify in relation to each Specified Rate including Bloomberg Screen, Reuters Screen and/or Screen Page if applicable. Include each of (i) primary FX Price Source and (ii) the Fallback FX Price Source or First Fallback FX Price Source if relevant, making clear when fallback to (ii) occurs]
- 26.9 Valuation Time: [Specify in relation to each Specified Rate]
- 26.10 Principal Financial Centres: (For the purposes of determining the FX Business Day) [Specify for the purposes only of FX Business Day]
- 26.11 Additional Disruption Events other than as specified in the Currency Linked Conditions: [Specify any other Additional Disruption Events not set out in the Currency Technical Annex]
- 26.12 Local Currency: [Specify each Local Currency, for purposes of General Inconvertibility, Specific Inconvertibility, General Non-Transferability or Specific Non-Transferability or Special Taxation Event.]
- 27. Equity Linked Redemption Notes** [Applicable] / [Not Applicable]
- (NB: complete also in relation to Equity Linked Interest Notes, if relevant) (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- 27.1 Provisions for determining the Final Redemption Amount: [ ]
- 27.2 Whether the Notes relate to a single share or a basket of shares (each a "Share"): [Single Share] / [Basket of Shares]
- 27.3 Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Delivery or (c) Cash Settlement and/or Physical Settlement: [Cash Settlement] [and/or] [Physical Settlement]
- [In the event of both Cash Settlement or Physical Delivery describe triggers and at whose option]
- [Specify if Issuer has the option to vary Settlement and in this case complete both Cash and Physical Settlement provisions]
- 27.4 Share(s) and Share Company(ies): [Name of Share]
- (a) Bloomberg Code: [ ]

- (b) ISIN Code: [ ]
- (Give or annex details of the Share(s) and Share Company(ies))*
- 27.5 Settlement Price: The Settlement Price will be calculated [insert calculation method, including any weightings and exchange rates] / [As set out in the General Conditions]
- 27.6 Key Dates:
- (a) Trade Date: [ ]
- (b) Valuation Date: [ ]
- (c) Initial Valuation Date: *(In relation to (c)-(f) below, add wording substantially as follows)*
- [Such date shall be deemed to be a [Valuation/Averaging] Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with the Equity Linked Conditions.]
- [ ]/Not Applicable
- (d) Scheduled Observation Date(s): [ ]/Not Applicable
- (e) Observation Period: [ ]/Not Applicable
- (f) Final Valuation Date: [ ]/Not Applicable
- (g) Cut-off Date: [ ]/Not Applicable
- [Specify calendar date (e.g. that is at least 10 Business Days prior to Scheduled Maturity Date)]*
- (h) Settlement Business Day: [ ]
- 27.7 Averaging: Averaging [applies/does not apply] to the Notes. [The Averaging Dates are [ ].]
- [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement /Modified Postponement] will apply.]
- 27.8 Exchange(s): The relevant Exchange[s] [is/are] [ ]
- 27.9 Related Exchange: [*specify*] / [All Exchanges]
- 27.10 Relevant Time: [Scheduled Closing Time]/[The relevant time is [ ], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the

Settlement Price.]

*(N.B. if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time).*

27.11 Further provisions relating to  
Extraordinary Events:

(a) Tender Offer: [Applicable] / [Not Applicable]

(b) Share Substitution: [Applicable] / [Not Applicable]

*(if Applicable, specify any amendments to Equity Linked Condition 5(b)(v)).*

27.12 Additional Disruption Events:

(a) [The following Additional Disruption Events apply to the Notes:]

*Specify any additional events not set out in the Equity Technical Annex and give details:*

(b) [[The Maximum Stock Loan Rate in respect of [specify in relation to each relevant Share] is [ ]]

*(NB: only applicable if Loss of Stock Borrow is required)*

(c) [[The Initial Stock Loan Rate in respect of [specify in relation to each relevant Share] is [ ].]

*(NB: only applicable if Increased Cost of Stock Borrow is required)*

(d) Stop-Loss Event: [Applicable]/[Not Applicable]

*(If applicable, specify all details necessary for the definition of Stop-Loss Event in Equity-Linked Condition 8, including the time for the determination of Share price, nature of Share price, Strike Date, Strike Price (or Benchmark Price) and relevant percentage(s))*

27.13 Additional Extraordinary Events:

[Applicable] / [Not Applicable]

[If applicable, give details (e.g. De-Merger, Participation Event)]

27.14 Asset Amount, Guaranteed Cash Settlement Amount and delivery provisions for Asset Amount (including details of who is to make such delivery):

[ ]/Not Applicable

*(only relevant for Physical Delivery Notes)*

*[NB: Specify the number of shares per Calculation Amount to be delivered and any balancing cash portion that will be required to be paid. Specify also details for calculating the Guaranteed Cash Settlement Amount]*



- 27.15 Depository Receipts provisions: [Applicable] / [Not Applicable]
- (a) Details of Depository Receipt: [specify name and ISIN code]
- (b) Underlying Shares: [specify the shares underlying the depository receipts]
- (c) Underlying Share Issuer: [specify the name of underlying issuer]
- (d) Share Exchange: [specify - exchange for underlying share]
- 27.16 Adjustments for Dividend Amounts and Extraordinary Dividends (specify all that are applicable and insert all operative provisions required.): [Applicable] / [Not Applicable]  
(if not applicable, delete the remaining sub-paragraphs below)
- (a) Dividend Amount: [Record Amount]/[Ex Amount]/[Paid Amount]/[Other - give details]
- (b) Dividend Payment Date: [ ]
- (c) Dividend Period: [First Period]/[Second Period]
- (d) Extraordinary Dividend: [ ]/[Not Applicable]
- (e) Excess Dividend Amount: [Extraordinary Dividend Ex Amount]/[Extraordinary Dividend Paid Amount]/[Extraordinary Dividend Record Amount]/[Other – give details]
- 27.17 Calculation Agent responsible for calculating the redemption amount due: [See paragraph 40 below] / [Principal Paying Agent]  
[specify other]  
[Address]
- 27.18 Other terms or special conditions: [ ]
- 28. Equity Index Linked Redemption Notes** [Applicable] / [Not Applicable]

(NB: complete also in relation to Equity Index Linked Interest Notes, if relevant)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- 28.1 Provisions for determining the Final Redemption Amount: [ ]
- 28.2 Whether the Notes relate to single index or a basket of indices and the identity of the relevant Index/Indices: [Single index] / [Basket of indices]  
[Composite] / [Non-Composite]  
(Give or annex details of index / indices)

- 28.3 Index Level: The Index Level will be calculated [insert calculation method including weightings if applicable] / [As set out in the General Conditions]
- 28.4 Key Dates: *(In relation to (c) - (f) below, add wording substantially as follows)*
- [Each such date shall be deemed to be a [Valuation/Averaging] Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring in accordance with the Equity Index Linked Conditions.]
- (a) Trade Date: [ ]
- (b) Valuation Date: [ ]
- (c) Initial Valuation Date: [ ]/Not Applicable]
- (d) Scheduled Observation Date(s): [ ]/Not Applicable]
- (e) Observation Period: [ ]/Not Applicable]
- (f) Final Valuation Date: [ ]/Not Applicable]
- 28.5 Averaging: Averaging [applies/does not apply] to the Notes. [The Averaging Dates are [ ].]
- [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]
- 28.6 Index Sponsor: [The relevant Index Sponsor[s] [is/are] [ ]]
- 28.7 Exchange(s) [The relevant Exchange[s] [is/are] [ ]]
- 28.8 Related Exchange: [*specify*] / [All Exchanges]
- 28.9 Relevant Time: [Scheduled Closing Time]/[The relevant time is [ ], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.]
- (N.B. if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time).*
- 28.10 Additional Disruption Events:
- (a) [As per the Equity Index Linked Conditions]/[The following Additional Disruption Events apply to the Notes:] (give details)
- (b) [[The Maximum Stock Loan Rate in respect of [specify in relation to each relevant Share] is

[ ]

(NB: *only applicable if Loss of Stock Borrow is applicable*)

(c) [[The Initial Stock Loan rate in respect of [specify in relation to each relevant Share] is [ ].]

(NB: *only applicable if Increased Cost of Stock Borrow is applicable*)

28.11 Additional Index Adjustment Events: [If applicable, specify, otherwise delete this paragraph]

28.12 Calculation Agent responsible for calculating the relevant amount due: [See paragraph 40 below] / [Principal Paying Agent] / [specify other]

[Address]

28.13 Other terms or special conditions: [ ]

**29. Fund Linked Redemption Notes** [Applicable] / [Not Applicable]

(NB: *complete also in relation to Fund Linked Interest Notes, if relevant*) (If not applicable, delete the remaining sub-paragraphs of this paragraph)

29.1 Provisions for determining the Final Redemption Amount: [Note: normally by reference to Settlement Price or Settlement Prices where Averaging Dates apply.] (*Express per Calculation Amount*)

29.2 Maturity Date Extension: [Applicable/Not Applicable]

29.3 Reference Fund(s): [If more than one Reference Fund, insert the following:

[ ] ("**Reference Fund 1**")

[ ] ("**Reference Fund 2**")

(NB: *complete and number accordingly in relation to additional Reference Funds. Also repeat relevant information in 29.4 – 29.9 below inclusive and any other relevant item in respect of each Reference Fund. Specifying "In relation to Reference Fund [1]" or similar in relation to the relevant information.*

*If more than three Reference Funds, annex the details.]*

29.4 (a) Fund Interest: [Give details]

(b) Fund Interest Unit(s): [Class [ ] shares] in [the Reference Fund] [Reference Fund 1]

[Class [ ] shares] in [Reference Fund 2]

[If more than three Fund Interest Units, annex the details.]

29.5 Reference Fund(s) Management and Administration

- (a) Fund Adviser: [ ]
- (b) Fund Administrator(s): [ ]
- (c) Fund Custodian: [ ]
- (d) Other Fund Service Provider(s): [ ] / [Not Applicable]
- (e) Key Person(s): [ ] / [Not Applicable]

29.6 Fund Documents: [ ]

[NB: Specify details of the prospectus/See Fund Linked Condition 5 of the Funds Technical Annex]]

29.7 Key Dates:

- (a) Provisions for Valuation: *In relation to each of items 29.7(a)(i), (ii), (iii) and (v) (if applicable), add wording substantially as follows:*

[Each such date shall be deemed to be a [Valuation/Averaging] Date for the purposes of determining [any Maturity Date extension pursuant to Fund Linked Condition 2.] [and/or] [the consequences of any such day not being a Fund Business Day]

- (i) Valuation Date: [ ]
- (ii) Initial Valuation Date: [ ] / [Not Applicable]
- (iii) Scheduled Observation Date(s): [ ] / [Not Applicable]
- (iv) Observation Period: [ ] / [Not Applicable]
- (v) Final Valuation Date: [ ] / [Not Applicable]

(b) Other Dates:

- (i) Trade Date: [Issue Date]
- (ii) Reference Fund Subscription Date: [ ]
- (iii) Subscription Notice Date: [ ] / [Not Applicable]

- (iv) Fund Valuation Date: [ ] [specify in relation to Valuation Date or Averaging Date]
  - (v) Fund Reporting Date(s): [ ] / [Generally expected to fall on the last Fund Business Day of the calendar month]
  - (vi) Redemption Notice Date: [ ] [specify in relation to Valuation Date or Averaging Dates]
  - (vii) Scheduled Redemption Payment Date: [Specify/Not Applicable]
  - (viii) Cut-off Period/Final Cut-Off Date: [ ] [Specify Cut-Off Period and Final Cut-off Date, if any]
- 29.8 Averaging: Averaging [applies/does not apply] to the Notes. [The Averaging Dates are [ ].]
- [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]
- 29.9 Valuation Method: [Deemed Payout Method]/[Reported Value Method]
- 29.10 Valuation Time: [Not Applicable/give details]
- 29.11 Provisions for Settlement:
- (a) Settlement Price: [As per the Fund Linked Conditions]/[Specify if other than as set out in Fund Linked Conditions. Expressed as price per Fund Interest Unit.]
  - (b) Settlement Cycle [As per the Fund Linked Conditions]/[Other-give details]
- 29.12 Fund Business Day: [As per the Fund Linked Conditions]/[Other-give details]
- 29.13 Currency Business Day: [As per the Fund Linked Conditions]/[Other-give details]
- 29.14 Calculation Agent: [See paragraph 40 below] / [specify other]
- 29.15 Additional Extraordinary Fund Events: [Applicable / Not Applicable]
- [please specify]
- 29.16 Hypothetical Investor Jurisdiction: [As set out in the Fund Linked Conditions] / [other (give details)]
- 29.17 Hypothetical Investor: [As set out in the Fund Linked Conditions] / [other (give details)]
- 29.18 Redemption Fees: [Specify if applicable where Reported Value Method applies]

29.19 Additional Fund Representations: [Applicable] / [Not Applicable]  
[If applicable, specify all operative details]

29.20 Exchange Traded Fund Provisions: [Applicable] / [Not Applicable]

[If applicable, insert:

(a) Underlying Index: [ ]

(b) Underlying Index Sponsor: [ ]

29.21 Other terms or special conditions, [ ]  
including Initial Stock Loan Rate and  
Maximum Stock Loan Rate in respect of  
one or more Component Securities in  
the Index if required:

**30. Credit Linked Redemption Notes** [Applicable] / [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of  
this paragraph)*

30.1 Final Redemption Amount: [ ] *(Express per Calculation Amount)*

30.2 Trade Date: [ ]

30.3 Effective Date: [ ]

30.4 Calculation Agent responsible for [See paragraph 40 below] / [Principal Paying Agent]  
making determinations under the [specify other]  
relevant Technical Annex:  
[Address]

30.5 Calculation Agent City: [London] / [specify other]

*Credit Provisions*

30.6 Whether the Notes relates to a single  
name or a portfolio of names:

(a) Single name: [Applicable/Not Applicable]

(b) First to Default: [Applicable] / [Not Applicable]

(c) Portfolio Credit Linked Notes: [Applicable] / [Not Applicable]

(d) Portfolio Maturity Settled [Applicable] / [Not Applicable]  
Credit Linked Notes:

[If applicable, specify Reference Amount in respect of  
each Reference Entity]

30.7 Reference Entity(ies): [Specify name]

[If more than one Reference Entity, insert the following:

[ ] ("Reference Entity 1")

[ ] ("Reference Entity 2")

[In the case of Portfolio Credit Linked Notes or Portfolio Maturity Settled Credit Linked Notes, specify Reference Amount in respect of each Reference Entity]

*[NB: complete and number accordingly in relation to additional Reference Entities. Also repeat relevant information in 30.8 – 30.15 below inclusive in respect of each Reference Entity. Specifying "In relation to Reference Entity [1]" or similar in relation to the relevant information.*

*If more than three Reference Entities or if required annex the details or insert a table.]*

*(N.B. By specifying "Standard Terms" as applicable to a Reference Entity, the relevant information set out in Credit Linked Condition 21 shall apply. Note that not all relevant information is given in the Standard Terms and ensure the remaining sections of this item 30 are completed accordingly.)*

30.8 Standard Terms: [Applicable/Not applicable]

*If applicable, insert: The following Standard Terms apply: [North American Corporate/North American High Yield Corporate/North American Monoline Insurer Corporate/European Corporate/European Insurance Corporate (Subordinated Debt)/Emerging European and Middle Eastern Corporate/Australia & New Zealand Corporate/Japan Corporate/Singapore Corporate/Latin America Corporate B/Latin America Corporate B&L/Asia Corporate/Asia Sovereign/Emerging European & Middle Eastern Sovereign/Australia & New Zealand Sovereign/Japan Sovereign/Singapore Sovereign/Latin America Sovereign/Western European Sovereign]*

30.9 Reference Obligation[s]: [ ]

*The obligation(s) identified as follows: [If more than three Reference Obligations, annex the details]*

[(a)] Primary Obligor: [ ]

Guarantor: [ ]

Maturity: [ ]

Coupon: [ ]

CUSIP / ISIN: [ ]

[(b)] *(repeat above headings if more than one reference obligation)*

30.10 Substitute Reference Obligation[s]: [As per the definition contained in the Credit Technical Annex] / [give details]

30.11 All Guarantees: [Applicable] / [Not Applicable]

[Standard Terms]

[Provisions relating to Qualifying Guarantee and Underlying Obligation (Credit Linked Condition 16): [Applicable] / [Not Applicable]

30.12 Credit Events: [Bankruptcy]

[Failure to Pay]

Grace Period Extension: [Applicable] / [Not Applicable]

[If Applicable:

Grace Period: [30 calendar days] / [other]]

Payment Requirement: [ ] (or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay)

[Obligation Default]

[Obligation Acceleration]

[Repudiation / Moratorium]

[Restructuring]

[Restructuring Maturity Limitation and Fully Transferable Obligation: [Applicable] / [Not Applicable]

[Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: [Applicable] / [Not Applicable]

Default Requirement: [ ] (or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event)

[Standard Terms]



- 30.13 Additional Credit Event(s):  [Specify – e.g. any trigger event]
- [If applicable, give details including all operative provisions]*
- 30.14 Conditions to Settlement: Notice of Publicly Available Information:  [Applicable] /  [Not Applicable]
- [If Applicable:*
- Public Source(s):  ]
- Specified Number:  [2] /  [other]]
- 30.15 Obligation(s):
- (a) Obligation Category:  [Payment]
- (select one only)*  [Borrowed Money]
- [Reference Obligations only]
- [Bond]
- [Loan]
- [Bond or Loan]
- [Standard Terms]
- (b) Obligation Characteristics:  [Not Subordinated]
- (select all of which apply)*  [Credit Linked Specified Currency:
- [Standard Specified Currencies /  [(specify currency)]
- [Not Sovereign Lender]
- [Not Domestic Currency]
- [Domestic Currency means: (specify currency)]
- [Not Domestic Law]
- [Listed]
- [Not Domestic Issuance]
- [Standard Terms]
- (c) Additional Obligation[s]:  [ ]

- (d) Excluded Obligation[s]: [ ]
- 30.16 Accrual of Interest upon a Credit Event: [Applicable] / [Not Applicable] / [*specify any further details*]
- 30.17 Merger Event: [Applicable] / [Not Applicable]
- [If applicable:*
- Merger Event Redemption Date: [ ] / [Five (5) Business Days after the Calculation Agent determines that a Merger Event has occurred.]
- 30.18 Unwind Costs: [Standard Unwind Costs] / [*specify other*] / [Not Applicable]
- 30.19 Provisions relating to Monoline Insurer as Reference Entity: Credit Linked Condition 14: [Applicable] / [Not Applicable]
- Credit Linked Condition 15: [Applicable] / [Not Applicable]
- (NB: If applicable, only one of Credit Linked Condition 14 and Credit Linked Condition 15 should be specified but not both)*
- 30.20 Provisions relating to LPN Reference Entities: Credit Linked Condition 17: [Applicable] / [Not Applicable]
- 30.21 Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Delivery [Cash Settlement / Physical Delivery]
- [Specify if Issuer has the option to vary settlement and in this case complete both Cash and Physical Settlement provisions]*
- (If cash settlement applies, complete the following section)* *(If not applicable, delete the remaining sub-paragraphs of this cash settlement paragraph)*
- (a) Credit Event Redemption Amount: [*Express per Calculation Amount*] / [Such amount as determined by the Calculation Agent in accordance with the Credit Linked Conditions]
- (b) Credit Event Redemption Date: [ ] Business Days
- (c) Valuation Date: [Single Valuation Date:
- [ ] Business Days]
- [Multiple Valuations Dates:
- [ ] Business Days' and each [ ] Business Day thereafter.
- Number of Valuation Dates: [ ]]

- (d) Valuation Time:  / [As per the definition in the Credit Technical Annex]
- (e) Valuation Obligations:  / [Valuation Obligation applicable] [*Delete if not applicable*]
- [select one only]
- [Payment]
- [Borrowed Money]
- [Reference Obligations Only]
- [Bond]
- [Loan]
- [Bond or Loan]
- [Standard Terms]
- (f) Valuation Obligation Not Subordinated  
Characteristics:
- [select all of which apply]
- [Credit Linked Specified Currency: (*specify currency*)] /  
 [Standard Specified Currencies]
- [Not Sovereign Lender]
- [Not Domestic Currency]
- [Domestic Currency means: (*specify currency*)]
- [Not Domestic Law]
- [Listed]
- [Not Contingent]
- [Not Domestic Issuance]
- [Assignable Loan]
- [Consent Required Loan]
- [Direct Participation Loan]
- [Qualifying Participation Seller:  (*insert details*)]
- [Transferable]
- [Maximum Maturity: [ ]]
- [Accelerated or Matured]
- [Not Bearer]

[Standard Terms]

- (g) Valuation Obligation [ ]  
Determination Period:
- (h) Additional Valuation [ ]  
Obligations:
- (i) Excluded Valuation [ ]  
Obligations:
- (j) Quotation Method: [Bid] / [Offer] / [Mid-market]
- (k) Quotation Amount: [ ] / [Representative Amount]
- (l) Minimum Quotation Amount: [ ] / [As per the definition in the Credit Technical Annex]
- (m) Quotation Dealers: [ ] / [As per the definition in the Credit Technical Annex]
- (n) Quotations: [Include Accrued Interest] / [Exclude Accrued Interest]
- (o) Valuation Method: [Market / Highest]  
[Average Market / Highest / Average Highest]  
[Blended Market / Blended Highest]  
[Average Blended Market / Average Blended Highest]
- (p) Other terms or special [ ]  
conditions:

*(If physical delivery applies, complete the following section)*

*(If not applicable, delete the remaining sub-paragraphs of this physical delivery paragraph)*

- (q) Physical Settlement Period: [[ ] Business Days] / [Not Applicable]
- (r) Asset Amount: [Include Accrued Interest] / [Exclude Accrued Interest]
- (s) Settlement Currency: [ ]
- (t) Deliverable Obligations:  
Deliverable Obligation [Payment]  
Category  
*(select one only)* [Borrowed Money]  
[Reference Obligations only]  
[Bond]  
[Loan]

- [Bond or Loan]
- Deliverable Obligation Characteristics: [Not Subordinated]
- (select all of which apply) [Credit Linked Specified Currency:  
(specify currency)] / [Standard Specified Currencies]
- [Not Sovereign Lender]
- [Not Domestic Currency]
- [Domestic Currency means: (specify currency)]
- [Not Domestic Law]
- [Listed]
- [Not Contingent]
- [Not Domestic Issuance]
- [Assignable Loan]
- [Consent Required Loan]
- [Direct Participation Loan]
- [Qualifying Participation Seller: [ ] (insert details)]
- [Transferable]
- [Maximum Maturity: [ ]]
- [Accelerated or Matured]
- [Not Bearer]
- (u) Additional Deliverable Obligation[s]: [ ] / [Not Applicable]
- (v) Excluded Deliverable Obligation[s]: [ ] / [Not Applicable]
- (w) Indicative Quotations: [Applicable] / [Not Applicable]
- (x) Cut-Off Date: [ ] / [Not Applicable] (N.B. This is a date by which Asset Transfer Notices are required for timely settlement)
- (y) Delivery provisions for Asset Amount (including details of [ ] / [Not Applicable]

who is to make such delivery)  
if different from the Credit  
Linked Conditions:

(z) Guaranteed Cash Settlement Amount: *[Insert details for calculation]*

(aa) Other terms or special conditions: [ ]

30.22 Other terms or special conditions: [ ]

**31. Commodity Linked Redemption Notes** [Applicable] / [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph. If applicable, insert: provisions here)*

**32. Inflation Linked Redemption Notes** [Applicable] / [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph. If applicable, insert provisions here)*

**33. Property Linked Redemption Notes** [Applicable] / [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph. If applicable, insert provisions here)*

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

**34. Form of Notes:**

34.1 Form: [Bearer Notes:

[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event]].

[Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date.]

[Permanent Bearer Global Note exchangeable for Definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event]].

*(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.*

*"[€50,000 and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*

[Registered Notes:

[Regulation S Global Note (U.S.\$[ ] of the nominal amount registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg])/Rule 144A Global Note (U.S.\$[ ] of the nominal amount registered in the name of a nominee for [DTC/ a common depository for Euroclear and Clearstream, Luxembourg])]

[Swedish Notes:

[The Swedish Notes are in uncertificated and dematerialised book-entry form issued in accordance with the provisions of the Swedish Financial Instruments Accounts Act (SFS 1998:1479) (Sw. Lagen (1998:1479) om kontoföring av finansiella instrument). No global or definitive Swedish Notes will be issued. The provisions of the Regional Annex shall apply to the Swedish Notes]]

34.2 New Global Note:

[Yes] / [No]

35. Additional Financial Centre(s) or other special provisions relating to Payment Days:

[Not Applicable] / [give details][Following – i.e. If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next

*following Payment Day in the relevant place and shall not be entitled to any further interest or other payment in respect of such delay.]*

36. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): [Yes] / [No]

*[If yes, give details: e.g. Talons will be issued if required and mature as of the date on which the last Receipt and/or Coupons on any definitive Note falls due]*

37. Details relating to Partly Paid Notes: [Not Applicable] / [give details]

amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [N.B. *new form of temporary Global Note and/or permanent Global Note may be required for Partly Paid issue*]

37.1 Part Payment Date(s): [ ]

37.2 Part Payment Amount(s): [ ]

38. Details relating to Instalment Notes: [Not Applicable] / [give details]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

38.1 Instalment Amount(s): [ ]

38.2 Instalment Date(s): [ ]

39. Redenomination, renominatisation and reconventioning provisions: Redenomination [not] applicable

*[If applicable,*

*The provisions annexed to this Final Terms apply.]*

*(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))*

40. Calculation Agent: [Abbey National Treasury Services plc  
2 Triton Square  
Regent's Place  
London NW1 3AN  
United Kingdom]  
[specify other]

CUSIP: [ ]



41. Any Terms and Conditions additional to, or modified from, those set forth in the Prospectus: [ ] / [Not Applicable]
- (When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

## DISTRIBUTION

42. 42.1 If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable] / [give names and addresses of each entity acting as underwriter and its respective underwriting commitments]]\*

*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*

- 42.2 Date of Subscription Agreement: [ ]

*(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies).*

- 42.3 Stabilising Manager(s) (if any): [Not Applicable] / [give name]

43. If non-syndicated, name and address of relevant Dealer: [Not Applicable] / [give name and address]

[In connection with the issue of any Tranche of Notes, the Relevant Dealer (if any) named as the stabilising manager (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms or Prospectus (as the case may be) (the "**Stabilising Manager**") may over-allot Notes (provided that, in the case of any Tranche of Notes to be admitted to trading on the London Stock Exchange's Regulated Market and/or any other regulated market (within the meaning of FSMA) in the European Economic Area, the aggregate nominal amount of Notes allotted does not exceed 105.00 per cent. of the aggregate nominal amount of the Tranche of Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Tranche of Notes and 60 days after the date of the allotment of the Tranche of Notes.

44. U.S. Selling Restrictions: [Reg. S Compliance Category [1] [2]; TEFRA D / TEFRA C / TEFRA not applicable]:

45. Additional selling restrictions: [Not Applicable] / [give details]

#### **LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required for issue and admission to trading on [specify relevant regulated market (for example the London Stock Exchange's Regulated Market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)] of Notes described herein pursuant to the €2,000,000,000 Structured Note Programme of Abbey National Treasury Services plc.

#### **RESPONSIBILITY**

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms. Relevant third party information, for example, in compliance with Annex XII to the Prospectus Directive Regulation in relation to each Relevant Asset (as defined in the General Conditions) or its components] has been extracted from [specify source]. The Issuer and the Guarantor each confirm that such information has been accurately reproduced and that, so far as they are aware and is/are able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer and the Guarantor:

By: .....

Duly authorised

## Part B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

1.1 Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market and to be listed the Official List of the UK Listing Authority with effect on or about [the Issue Date].

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market and to be listed on the Official List of the UK Listing Authority with effect on or about [the Issue Date].]

[Not Applicable.]

1.2 Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

Ratings:

[The Notes to be issued have been rated:

[Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.: [ ]]

[Moody's Investor's Service, Inc.: [ ]]

[Fitch Ratings: [ ]]

*[Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(The above disclosure should reflect the rating specifically allocated to Notes by the relevant credit rating agency).*

[None. Please note that as at the Issue Date it is not intended that this specific Series of Notes will be rated.]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Dealer], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. (Amend as appropriate if there are other interests)]

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)]*

#### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- 4.1 Reasons for the offer: [General corporate purposes]
- (See "Use of Proceeds" wording in Prospectus - if reasons for offer differ from general corporate purposes and/or making profit and/or hedging certain risks, you will need to include those reasons here.)*
- 4.2 Estimated net proceeds: [ ]
- (If proceeds are intended for more than one use you will need to split out and present in order of priority. If proceeds are insufficient to fund all proposed uses, state amount and sources of other funding.)*
- 4.3 Estimated total expenses: [ ]
- [Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".]
- (If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at 4.2 and 4.3 above where disclosure is included at 4.1 above.)*

#### 5. YIELD – Fixed Rate Notes Only

- Indication of Yield [ ]
- [Calculated as [include details of method of calculation in summary form] on the Issue Date.]
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

#### 6. HISTORIC RATES OF INTEREST - Floating Rate Notes Only

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters and/or Bloomberg].

#### 7. PERFORMANCE OF REFERENCE ASSET [RATE(S) OF EXCHANGE / FORMULA / CURRENCIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [RELEVANT ASSET] [THE [EXCHANGE RATE(S)/FORMULA/CURRENCIES]] – Variable Interest Rate Notes and Variable Redemption Notes

*[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

*[Need to include details of where past and future performance and volatility of the Relevant Asset can be obtained]. [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. Need to include any adjustment rules in relation to events concerning the underlying (if applicable)]*

*[Where the underlying is an index, include the name of [the/each] index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about [the/each] index can be obtained.]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

**8. PERFORMANCE OF THE RATES OF EXCHANGE AND, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT - Dual Currency Notes Only**

*If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]*

*(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies)*

*[Need to include details of where past and future performance and volatility of the relevant rates can be obtained and a clear explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

**9. OPERATIONAL INFORMATION**

9.1 ISIN Code: [ ]

9.2 Common Code: [ ]

*(insert here any other relevant codes such as CUSIP and CINS numbers)*

9.3 Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable] / [give name(s) and number(s)]

9.4 Delivery: Delivery [against / free of] payment

9.5 Names and addresses of additional Paying Agent(s) (if any): [ ]

- 9.6 Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] / [No]
- [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the international central securities depositories ("ICSDs") as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]
- (include this text if "yes" selected in which case the Notes must be issued in NGN form.)*
- 9.7 Governing law: English
- 9.8 Additional investment considerations: [Applicable. See Annex [ ] contained herein]  
[Not Applicable]
- [If applicable, set out in an annex all additional risk factors or other investment considerations applicable to the particular Tranche of Notes to be issued.]*

## FORM OF RETAIL FINAL TERMS

### APPLICABLE FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than €50,000 (or its equivalent in another currency) pursuant to this Prospectus.*

*This form of Retail Final Terms is not recommended for use with Registered Notes or Credit Linked Notes and Fund Linked Notes where physical settlement is envisaged.*

### PLEASE CAREFULLY READ THE RISK FACTORS IN THE PROSPECTUS

**EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN FINANCIAL AND LEGAL ADVISORS ABOUT THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE NOTES AND THE SUITABILITY OF AN INVESTMENT IN THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES**

[Date]

### Abbey National Treasury Services plc

*Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
(the "Notes")*

### Guaranteed by Abbey National plc

under the €2,000,000,000  
Structured Note Programme  
(the "**Programme**")

[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (i) below, any offer of Notes in any Member States of the European Economic Area (each, a "**Relevant Member State**") which has implemented the Prospectus Directive (2003/71/EC) (the "**Prospectus Directive**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly, any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 45 of Part A below, provided such person is one of the persons mentioned in Paragraph 45 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.]<sup>34</sup>

[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area (each, a "**Relevant Member State**") which has implemented the Prospectus Directive (2003/71/EC) (the "**Prospectus Directive**") will be made pursuant to an

<sup>3</sup> Consider including this legend where a non-exempt offer of Notes is anticipated.

<sup>4</sup> Consider including this legend where only an exempt offer of Notes is anticipated.

exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.]

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions of the Notes (the "**General Conditions**") set forth in the Prospectus dated 26 March 2009 [and the supplement[s] to it dated [date(s)]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Prospectus dated [current date] [which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [original date] and are attached hereto] [as supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as supplemented]. The Prospectus [and the supplement[s] to it] [is/are] available for viewing [during normal business hours at the specified office of Citibank, N.A., London Branch acting as Principal Paying Agent and copies may be obtained from the registered office of the Issuer and the Guarantor]. In the event of any inconsistency between the Conditions and the Final Terms, these Final Terms prevail.

[The provisions of the [Equity / Equity Index / Credit / Fund/ Currency / other] Technical Annex [(other than clauses [specify any inapplicable clauses])] [and the Regional Annex]] apply to these Final Terms and such documents shall be read together.] In the event of any inconsistency between the [Equity / Equity Index / Credit / Fund / Currency / other] Technical Annex [or the Regional Annex] and these Final Terms, these Final Terms prevail.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date:*

[Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions, together with the applicable Technical Annex(es) (the "**Conditions**") set forth in the Prospectus dated [original date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Prospectus dated [current date] which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [original date] and are attached hereto. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [current date] and [original date]. Copies of such Prospectuses are available for viewing [during normal business hours at the registered office of the Issuer and the Guarantor].

*[Include whichever of the following apply or specify as "Not applicable" or "N/A". Note that the numbering should remain as set out below, even if "Not applicable" or "N/A" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing any Final Terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

*[No person has been authorised to give any information or make any representation not contained in or not consistent with these Final Terms, or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any Dealer.]*



[By investing in the Notes each investors is deemed to represent that:

- (a) *Non-Reliance.* It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer, the Guarantor or any Dealer as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer, the Guarantor or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.
- (b) *Assessment and Understanding.* It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes.
- (c) *Status of Parties.* None of the Issuer, the Guarantor and any Dealer is acting as fiduciary for or adviser to it in respect of the investment in the Notes.]

- |    |     |                                      |                                                                                                                                                                                                                                                |
|----|-----|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | 1.1 | Issuer:                              | Abbey National Treasury Services plc                                                                                                                                                                                                           |
|    | 1.2 | Guarantor:                           | Abbey National plc                                                                                                                                                                                                                             |
| 2. | 2.1 | Series Number:                       | [ ]                                                                                                                                                                                                                                            |
|    | 2.2 | Tranche Number:                      | [ ]                                                                                                                                                                                                                                            |
|    |     |                                      | <i>(If fungible with an existing Series, insert details of that Series, including the date on which the Notes become fungible)</i>                                                                                                             |
| 3. |     | Specified Currency or Currencies:    | [ ]                                                                                                                                                                                                                                            |
| 4. |     | Aggregate Nominal Amount:            |                                                                                                                                                                                                                                                |
|    | 4.1 | Series:                              | [ ]                                                                                                                                                                                                                                            |
|    | 4.2 | Tranche:                             | [ ]                                                                                                                                                                                                                                            |
| 5. |     | Issue Price of Tranche: <sup>5</sup> | [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from and including [insert date] to but excluding the Issue Date (which is equal to [ ] days' accrued interest ( <i>in the case of fungible issues, if applicable</i> ))] |
| 6. | 6.1 | Specified Denominations:             | [ ]                                                                                                                                                                                                                                            |
|    | 6.2 | Calculation Amount:                  | [ ]                                                                                                                                                                                                                                            |
|    |     |                                      | <i>(If only one Specified Denomination, insert the Specified Denomination.</i>                                                                                                                                                                 |

---

<sup>5</sup> Note that the "Issue Price" is the gross amount received by the Issuer in respect of the Notes being issued and should not be confused with "Offer Price" which may be a different amount depending upon the context in which the expression is used (for example, see Part B paragraph 10).

*If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations.*

*Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for paying agents and/or ICSDs who should be consulted if such an amount is proposed.)*

7. 7.1 Issue Date: [specify date]
- 7.2 Interest Commencement Date (if [ specify date ] [Not Applicable]  
different from the Issue Date):

*(NB: An Interest Commencement Date will not be relevant for certain type of Notes such as a Zero Coupon Note)*

8. Type of Notes:
- [Fixed Rate Notes]
  - [Floating Rate Notes]
  - [Zero Coupon Notes]
  - [Equity Linked Notes]
  - [Equity Index Linked Notes]
  - [Dual Currency Notes]
  - [Inflation Linked Notes]
  - [Commodity Linked Notes]
  - [Currency Linked Notes]
  - [Fund Linked Notes]
  - [Property Linked Notes]
  - [Credit Linked Notes]
  - [Other (specify)]

9. Maturity Date: [Fixed Rate Note/any other Note other than a Floating Rate Note – [specify date]]

[Floating Rate Note — The Interest Payment Date falling in or nearest to [specify month and year/specify other]]

[For Credit Linked Notes, if applicable insert: [ ] (the "**Scheduled Maturity Date**"), subject to the provisions of the Credit Technical Annex and these Final Terms]

[For Fund Linked Notes, if applicable, insert: [ ] (the "**Scheduled Maturity Date**"), subject to the provisions of the Funds Technical Annex and these Final Terms]

[For Currency Linked Notes, if applicable, insert: [ ] (the "**Scheduled Maturity Date**"), subject to the provisions of the Currency Technical Annex and these Final Terms]

10. Interest Basis: [ ] per cent. Fixed Rate Note]  
 [[LIBOR/EURIBOR]+/-[ ] per cent. Floating Rate Note]  
 [Zero Coupon]  
 [Equity Index Linked Interest]  
 [Equity Linked Interest]  
 [Dual Currency Interest]  
 [Inflation Linked Interest]  
 [Commodity Linked Interest]  
 [Currency Linked Interest]  
 [Fund Linked Interest]  
 [Property Linked Interest]  
 [Non-interest bearing]  
 [*specify other*]  
 (further particulars specified below)
11. Redemption / Payment Basis: [Redemption at par]  
 [Equity Index Linked Redemption]  
 [Equity Linked Redemption]  
 [Dual Currency Redemption]  
 [Inflation Linked Redemption]  
 [Commodity Linked Redemption]  
 [Currency Linked Redemption]  
 [Fund Linked Redemption]  
 [Property Linked Redemption]  
 [Credit Linked Redemption]  
 [Partly Paid]  
 [Instalment]  
 [*specify other*]  
 (further particulars specified below)
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
12. Change of Interest Basis or Redemption/  
 Payment Basis: [Applicable] / [Not Applicable]  
  
 [*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*]
13. Put/Call Options: [Not Applicable] / [Investor Put] / [Issuer Call]  
 [(further particulars specified below)]
14. 14.1 Status of Notes: Senior  
 14.2 Status of Guarantee: Senior
15. Method of Distribution: [Syndicated] / [Non-syndicated]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Note Provisions** [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 16.1 Rate(s) of Interest: [ ] per cent. per annum [payable [annually / semi annually / quarterly/ other/ specify ] in arrear]
- (if payable other than annually consider amending General Condition 5)*
- 16.2 Interest Payment Date[s]: [[ ] in each year up to and including the Maturity Date] / [specify other]
- (NB: This will need to be amended in the case of long or short coupons)*
- 16.3 Fixed Coupon Amount(s): [[ ] per Calculation Amount] / [Not Applicable]  
*(Applicable to Notes in definitive form)*
- 16.4 Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ] / [Not Applicable]
- [Insert particulars of any initial or final broken interest amounts per Calculation Amount which do not correspond with the Fixed Coupon Amount(s)]*
- 16.5 Day Count Fraction: [Actual/Actual (ICMA)]/[Act/Act (ICMA)]  
[Actual/Actual (ISDA)]/[Actual/Actual]/[Act/Act]/  
[Act/Act (ISDA)]  
[Actual/365 (Fixed)]/[Act/365 (Fixed)]/[A/365 (Fixed)]/[A/365F]  
[Actual/360]/[Act/360]/[A/360]  
[30/360 (ICMA)]  
[30/360]/[360/360]/[Bond Basis]  
[30E/360]/[Eurobond Basis]  
[30E/360 (ISDA)]
- [specify other] [adjusted / unadjusted]
- (N.B. If interest is not payable on a regular basis (for example, if there are Broken Amounts specified), Actual/Actual (ICMA) may not be a suitable Day Count Fraction)*
- (N.B. Actual/Actual (ICMA) is normally only appropriate for Fixed Rate Notes denominated in euros)*

16.6 Determination Date(s):  in each year

*(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*

*N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration*

*N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))]*

16.7 Other terms relating to the method of calculating interest for Fixed Rate Notes:  [None/Give details]

**17. Floating Rate Note Provisions**

[Applicable] /  [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

17.1 Interest Period(s)/Interest Payment Dates:  [ ]

17.2 Business Day Convention:  [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / [specify other]]

17.3 Additional Business Centre(s):  [ ]

17.4 Manner in which the Rate of Interest and Interest Amount is to be determined:  [Screen Rate Determination / ISDA Determination / specify other]

17.5 Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):  [See paragraph 40 below] /  [specify other]

[Address]

17.6 Screen Rate Determination:  [Applicable] /  [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(a) Reference Rate  [ ]

*(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)*

- (b) Interest Determination Date: [ ]
- (Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- (c) Relevant Screen Page: [ ]
- (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend fallback provisions appropriately)*
- (d) Rate Multiplier: [Applicable] / [Not Applicable]
- (If applicable, set out all relevant provisions here)*
- 17.7 ISDA Determination: [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Floating Rate Option: [ ]
- (b) Designated Maturity: [ ]
- (c) Reset Date: [ ]
- 17.8 Margin(s): [+/-] [ ] per cent. per annum
- 17.9 Minimum Rate of Interest: [ ] per cent. per annum
- 17.10 Maximum Rate of Interest: [ ] per cent. per annum
- 17.11 Day Count Fraction: [Actual/Actual (ISDA)]/[Actual/Actual]  
 [Actual/Actual (ICMA)]  
 [Actual/365 (Fixed)]  
 [Actual/365 (Sterling)]  
 [Actual/360]  
 [30/360]/[360/360]/[Bond Basis]  
 [30/360 (ICMA)]  
 [30E/360]/[Eurobond Basis]  
 [30E/360 (ISDA)]  
 [specify other] [adjusted / unadjusted]
- 17.12 Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the General Conditions: [ ]

- 18. Zero Coupon Note Provisions** [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 18.1 Accrual Yield: [ ] per cent. per annum
- 18.2 Reference Price: [ ]
- 18.3 Any other formula / basis of determining amount payable: [ ]
- 18.4 Day Count Fraction in relation to Early Redemption Amounts and late payment: [General Condition 7.6(c) and 7.12 apply] / [*specify other*]
- (Consider amending applicable day count fraction if not US\$ denominated)*
- 19. Dual Currency Note Provisions** [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 19.1 Rate(s) of Exchange / method of calculating Rate(s) of Exchange: [ ]
- 19.2 Party, if any, responsible for calculating the principal and/or interest payable (if not the Principal Paying Agent): [See paragraph 40 below] / [*specify other*]
- [Address]
- 19.3 Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest payable where calculation by reference to Rate of Exchange impossible or impracticable: [ ]
- [Need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- 19.4 Day Count Fraction: [Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 30E/360 (ISDA) / Other]
- 19.5 If redeemable in part:
- (a) Minimum Redemption Amount: [ ]

- (b) Maximum Redemption Amount: [ ]
- 19.6 Notice period (if other than as set out in the General Conditions): [ ]
- 19.7 Person at whose option Specified Currency(ies) is/are payable: [ ]
- 20. Other Variable Rate Interest Note Provisions** [Applicable] / [Not Applicable]
- [Equity Index Linked Interest]  
 [Equity Linked Interest]  
 [Inflation Linked Interest]  
 [Commodity Linked Interest]  
 [Currency Linked Interest]  
 [Fund Linked Interest]  
 [Property Linked Interest]  
 [Other (*specify*)]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 20.1 Formula for calculating interest rate including provisions for determining coupon where calculation by reference to the underlying is impossible or impracticable and other back up provision: [*Specify or give annex details*]
- 20.2 Calculation Agent responsible for calculating the principal and/or interest due: [See paragraph 40 below] / [*specify other*]
- [Address]
- [*Give name (and if the Notes and derivative securities to which Annex XII of the Prospectus Directive regulation applies, address)*]
- 20.3 Specified Period(s) / Specified Interest Payment Dates: [ ]
- 20.4 Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- 20.5 Additional Business Centre(s): [ ]
- 20.6 Minimum Rate of Interest: [ ] per cent. per annum
- 20.7 Maximum Rate of Interest: [ ] per cent. per annum



20.8 Day Count Fraction: [Actual/Actual (ISDA)]/[Actual/Actual]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360]/[360/360]/[Bond Basis]  
[30E/360]/[Eurobond Basis]  
[30E/360 (ISDA)]  
[specify other] [adjusted / unadjusted]

20.9 Other terms or special conditions:

[ ]

*[For additional Currency Linked Interest provisions, insert: See [Paragraph 26 below] / [Currency Technical Annex (Currency Linked Conditions) contained herein]*

*[For additional Equity Linked Interest provisions, insert: See [Paragraph 27 below] / [Equity Technical Annex (Equity Linked Conditions) contained herein]*

*[For additional Equity Index Linked Interest provisions, insert: See [Paragraph 28 below] / [Equity Index Technical Annex (Equity Index Linked Conditions) contained herein]*

*[For additional Fund Linked Interest provisions, insert: See [Paragraph 29 below] / [Funds Technical Annex (Funds Linked Conditions) contained herein]*

*[For additional Commodity Linked Interest provisions, insert: See Paragraph 31 below]*

*[For additional Property Linked Interest provisions, insert: See Paragraph 33 below]*

## PROVISIONS RELATING TO REDEMPTION

21. Issuer Call

[Applicable] / [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

21.1 Optional Redemption Date(s):

[ ]

21.2 Optional Redemption Amount and method, if any, of calculation of such amount(s):

[[ ] per Calculation Amount] / [specify other]

- 21.3 If redeemable in part:
- (a) Minimum Redemption Amount: [ ]
- (b) Maximum Redemption Amount: [ ]
- 21.4 Notice period (if other than as set out in the General Conditions): [ ]

*(N.B. If setting notice periods which are different from those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*

22. Investor Put: [Applicable] / [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- 22.1 Optional Redemption Date(s): [ ]
- 22.2 Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount] / [specify other]
- 22.3 Notice period (if other than as set out in the General Conditions) [ ]

*(N.B. If setting notice periods which are different from those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*

23. Final Redemption Amount: [[ ] per Calculation Amount] / [specify other]

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

24. Early Redemption Amount payable on redemption for illegality (General Condition 7.4 (*Redemption for illegality*), Regulatory Redemption Event (General Condition 7.5 (*Regulatory Redemption Event*)) on an Event of [Market Value / specify other / see Appendix] [*Specify other*]

Default (General Condition 10 (*Events of Default*)) or in any other circumstances specified in the General Conditions:

- 25.** Automatic Early Redemption Event(s): [Applicable – *if so specify definition*] / [Not Applicable]
- 25.1 Target Redemption Event: [Applicable] / [Not Applicable]
- [If applicable, give details, including Automatic Early Redemption Amount and Automatic Early Redemption Date]*
- 25.2 Knock-in Event: [Applicable] / [Not Applicable]
- [If applicable, give details, including Automatic Early Redemption Amount] [If not applicable, delete the remaining sub-paragraphs]*
- (a) Knock-in Level: [ ]
- (b) Automatic Early Redemption Date(s): [ ]
- 25.3 Knock-out Event: [Applicable] / [Not Applicable]
- [If applicable, give details, including Automatic Early Redemption Amount] [If not applicable, delete the remaining sub-paragraphs]*
- (a) Knock-out Level: [ ]
- (b) Automatic Early Redemption Date(s): [ ]
- 25.4 Other terms or special conditions: [ ] / [Not Applicable]
- [If applicable, give details]*
- 26.** Currency Linked Redemption Notes: [Applicable/Not Applicable]
- (NB: complete also in relation to Currency Linked Interest Notes, if applicable) (if not applicable delete the remainder of this paragraph)*
- 26.1 Currency Linked Condition 1: [Applicable / Not Applicable]
- (Specify as "Applicable" if interest amounts and/or Final Redemption Amount are determined by reference to a currency rate(s) to which it is intended Currency Linked Condition 1 applies and in this case specify provisions for determination of each such interest amount or Final Redemption Amount and complete each applicable sub-paragraph below. Specify as "Not Applicable" (relevant for non-standard currencies) if Currency Technical Annex is being used only for the purposes of adjustment and disruption provisions in Currency Linked Conditions 2, 3*

and 4 and in this case complete each applicable sub-paragraph below except for item 26.2)

- 26.2 Provisions for determining the Final Redemption Amount [[ ] (*Express per Calculation Amount*)/[Specify formula]
- [Omission / Postponement / Modified Postponement will apply]
- 26.3 Maturity Date Extension: [Applicable/Not Applicable]
- (*If applicable insert all provisions for calculation of each Currency Pair, including each First Currency and Second Currency*)
- 26.4 Specified Rate(s) and Reference Currencies: [Applicable/Not Applicable]
- [*Insert each Specified Rate in relation to each Valuation Date or Averaging Date or other relevant date and Valuation Time, including whether bid, offer or market average rate, if applicable - e.g. as set out below - and repeat as necessary in relation to each Specified Rate. If using any different formulation ensure consistency with Valuation Date and Averaging Date where Currency Reference Dealers may provide the quotations. "The Specified Rate in relation to the [specify Valuation Day, Averaging Date or other relevant date] means the rate at which the Reference Currency [NB set out definition] could be exchanged for the Specified Currency, expressed as the number of units of the Reference Currency (or part thereof) for which one unit of the Specified Currency could be exchanged as quoted by the relevant FX Price Source at or about the Valuation Time on such [specify relevant Valuation Day, Averaging Date or other relevant date], subject to Currency Linked Condition 2".*]
- 26.5 NDF Currency(ies): [Applicable/Not Applicable]
- [Specify each relevant NDF Currency] [*If applicable, specify each relevant NDF currency. For example, ARS, BRL, CLP, COP, etc. If not applicable, delete the remaining sub-paragraphs of this paragraph. If applicable, insert: See Annex (Special Conditions) contained herein*]
- (a) Unscheduled Holiday: [*Specify meaning in accordance with applicable emerging market trading association templates*]
- (b) Specified NDF Maximum Days of Disruption: [ ] calendar days
- (c) First Fallback FX Price Source: [See item 26.8 below/Not Applicable]

- (d) Second Fallback FX Price [Not Applicable]/[Give details]  
Source:
- (e) Additional FX Market [Not Applicable]/[Give details]  
Disruption Event:
- 26.6 Key Dates: *In relation to each of items 26.6(c), (d) and (f) (if applicable), add wording substantially as follows:*
- [Each such date shall be deemed to be a [Valuation/Averaging] Date for the purposes of determining [any Maturity Date extension pursuant to Currency Linked Condition 1] [and/or] [the consequences of any such day not being an FX Business Day or an FX Market Disruption Event occurring in relation to a Specified Rate on any such day in accordance with Currency Linked Condition 4].*
- (a) Trade Date: [ ]
- (b) Valuation Date: [ ]
- (c) Initial Valuation Date: [ ]
- (d) Scheduled Observation [ ]  
Date(s):
- (e) Observation Period: [ ]
- (f) Final Valuation Date: [ ] [Not Applicable]
- 26.7 Averaging: Averaging [applies/does not apply] to the Notes. [The Averaging Dates are [ ].]
- [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]
- 26.8 FX Price Source(s): *[Specify in relation to each Specified Rate including Bloomberg Screen, Reuters Screen and/or Screen Page if applicable. Include each of (i) primary FX Price Source and (ii) the Fallback FX Price Source or First Fallback FX Price Source if relevant, making clear when fallback to (ii) occurs]*
- 26.9 Valuation Time: *[Specify in relation to each Specified Rate]*
- 26.10 Principal Financial Centres: *(For the purposes of determining the FX Business Day)* *[Specify for the purposes only of FX Business Day]*

26.11	Additional Disruption Events other than as specified in the Currency Linked Conditions:	<i>[Specify any other Additional Disruption Events not set out in the Currency Technical Annex]</i>
26.12	Local Currency:	<i>[Specify each Local Currency, for purposes of General Inconvertibility, Specific Inconvertibility, General Non-Transferability or Specific Non-Transferability or Special Taxation Event.]</i>
<b>27.</b>	Equity Linked Redemption Notes	[Applicable] / [Not Applicable]
	<i>(NB: complete also in relation to Equity Linked Interest Notes, if relevant)</i>	<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
27.1	Provisions for determining the Final Redemption Amount:	[       ]
27.2	Whether the Notes relate to a single share or a basket of shares (each a "Share"):	[Single Share] / [Basket of Shares]
27.3	(Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Delivery or (c) Cash Settlement and/or Physical Settlement:	[Cash Settlement] [and/or] [Physical Settlement]  [In the event of both Cash Settlement or Physical Delivery describe triggers and at whose option]
		[Specify if Issuer has the option to vary Settlement and in this case complete both Cash and Physical Settlement Provisions]
27.4	Share(s) and Share Company(ies):	[Name of Share]  (a)      Bloomberg Code: [   ]  (b)      ISIN Code: [   ]  <i>(Give or annex details of the Share(s) and Share Company(ies))</i>
27.5	Settlement Price:	The Settlement Price will be calculated <i>[insert calculation method, including any weightings and exchange rates]</i> / [As set out in the General Conditions]
27.6	Key Dates:	
	(a)      Trade Date:	[   ]
	(b)      Valuation Date:	[   ]
		<i>(In relation to (c)-(f) below, add wording substantially as follows)</i>
		[Such date shall be deemed to be a [Valuation/Averaging] Date for the purposes of determining the consequences of

any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with the Equity Linked Conditions.]

(c) Initial Valuation Date: [ ]/Not Applicable

(d) Scheduled Observation Date(s): [ ]/Not Applicable

(e) Observation Period: [ ]/Not Applicable

(f) Final Valuation Date: [ ]/Not Applicable

(g) Cut-off Date: [ ]/Not Applicable

*[Specify calendar date (e.g. that is at least 10 Business Days prior to Scheduled Maturity Date)]*

(h) Settlement Business Day: [ ]

27.7 Averaging: Averaging [applies/does not apply] to the Notes. [The Averaging Dates are [ ].]

[In the event that an Averaging Date is a Disrupted Day [Omission/Postponement /Modified Postponement] will apply.]

27.8 Exchange(s): The relevant Exchange[s] [is/are] [ ]

27.9 Related Exchange: [*specify*] / [All Exchanges]

27.10 Relevant Time: [Scheduled Closing Time]/[The relevant time is [ ], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.]

*(N.B. if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time).*

27.11 Further provisions relating to Extraordinary Events:

(a) Tender Offer: [Applicable] / [Not Applicable]

(b) Share Substitution: [Applicable] / [Not Applicable]

(c) *(If applicable, specify any amendment to Equity Linked Conditions 5(b)(v))*

27.12 Additional Disruption Events: (a) [The following Additional Disruption Events apply to the Notes:]

*Specify any additional events not set out in the Equity Technical Annex and give details:*

- (b) [[The Maximum Stock Loan Rate in respect of [specify in relation to each relevant Share] is [ ]]
- (NB: *only applicable if Loss of Stock Borrow is required*)
- (c) [[The Initial Stock Loan Rate in respect of [specify in relation to each relevant Share] is [ ].]
- (NB: *only applicable if Increased Cost of Stock Borrow is required*)
- (d) Stop-Loss Event: [Applicable/Not Applicable]
- (If applicable, specify all details necessary for the definition of Stop-Loss Event in Equity-Linked Condition 8, including the time for the determination of Share price, nature of Share price, Strike Date, Strike Price (or Benchmark Price) and relevant percentage(s))*
- 27.13 Additional Extraordinary Events: [Applicable] / [Not Applicable]  
[If applicable, give details (e.g. De-Merger, Participation Event)]
- 27.14 Asset Amount, Guaranteed Cash Settlement Amount and delivery provisions for Asset Amount (including details of who is to make such delivery): [ ]/Not Applicable  
*(only relevant for Physical Delivery Notes)*  
*[NB: Specify the number of shares per Calculation Amount to be delivered and any balancing cash portion that will be required to be paid. Specify also details for calculating the Guaranteed Cash Settlement Amount]*
- 27.15 Depository Receipts provisions: [Applicable] / [Not Applicable]
- (a) Details of Depository Receipt: [*specify name and ISIN code*]
- (b) Underlying Shares: [*specify the shares underlying the depository receipts*]
- (c) Underlying Share Issuer: [*specify the name of underlying issuer*]
- (d) Share Exchange: [*specify - exchange for underlying share*]
- 27.16 Adjustments for Dividend Amounts and Extraordinary Dividends (specify all that are applicable and insert all operative provisions required). [Applicable] / [Not Applicable]  
*(if not applicable, delete the remaining sub-paragraphs below)*
- (a) Dividend Amount: [Record Amount]/[Ex Amount]/[Paid Amount]/[Other - give details]
- (b) Dividend Payment Date: [ ]



- (c) Dividend Period: [First Period]/[Second Period]
- (d) Extraordinary Dividend: [ ]/[Not Applicable]
- (e) Excess Dividend Amount: [Extraordinary Dividend Ex Amount]/[Extraordinary Dividend Paid Amount]/[Extraordinary Dividend Record Amount]/[Other – give details]
- 27.17 Calculation Agent responsible for calculating the redemption amount due: [See paragraph 40 below] / [Principal Paying Agent] [specify other]  
[Address]
- 27.18 Other terms or special conditions: [ ]
- 28.** Equity Index Linked Redemption Notes [Applicable] / [Not Applicable]
- (NB: complete also in relation to Equity Index Linked Interest Notes, if relevant)*
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 28.1 Provisions for determining the Final Redemption Amount: [ ]
- 28.2 Whether the Notes relate to single index or a basket of indices and the identity of the relevant Index/Indices: [Single index] / [Basket of indices]  
[Composite] / [Non-Composite]  
[Exchange Traded Fund]  
*(Give or annex details of index / indices)*
- 28.3 Index Level:: The Index Level will be calculated [insert calculation method including weightings if applicable] / [As set out in the Equity Index Linked Conditions]
- 28.4 Key Dates: *(In relation to (c)-(f) below, add wording substantially as follows)*  
  
[Each such date shall be deemed to be a [Valuation/Averaging] Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring in accordance with the Equity Index Linked Conditions.]
- (a) Valuation Date: [ ]
- (b) Trade Date: [ ]
- (c) Initial Valuation Date: [ ]/[Not Applicable]
- (d) Scheduled Observation [ ]/[Not Applicable]

- Date(s):
- (e) Observation Period: [ ]/Not Applicable]
- (f) Final Valuation Date: [ ]/Not Applicable]
- 28.5 Averaging: Averaging [applies/does not apply] to the Notes. [The Averaging Dates are [ ].]
- [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]
- 28.6 Index Sponsor: [The relevant Index Sponsor[s] [is/are] [ ]]
- 28.7 Exchange(s) [The relevant Exchange[s] [is/are] [ ]]
- 28.8 Related Exchange: [*specify*] / [All Exchanges]
- 28.9 Relevant Time: [Scheduled Closing Time]/[The relevant time is [ ], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.]
- (N.B. *if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time*).
- 28.10 Additional Disruption Events:
- (a) [As per the Equity Index Linked Conditions]/[The following Additional Disruption Events apply to the Notes:] (give details)
- (b) [[The Maximum Stock Loan Rate in respect of [specify in relation to each relevant Share] is [ ]]
- (NB: *only applicable if Loss of Stock Borrow is applicable*)
- (c) [[The Initial Stock Loan rate in respect of [specify in relation to each relevant Share] is [ ].]
- (NB: *only applicable if Increased Cost of Stock Borrow is applicable*)
- 28.11 Additional Index Adjustment Events: [If applicable, specify, otherwise delete this paragraph]
- 28.12 Calculation Agent responsible for calculating the relevant amount due: [See paragraph 40 below] / [Principal Paying Agent] / [*specify other*]
- [Address]

- 28.13 Other terms or special conditions: [ ]
29. Fund Linked Redemption Notes [Applicable] / [Not Applicable]
- (NB: complete also in relation to Fund Linked Interest Notes, if relevant)* *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 29.1 Provisions for determining the Final Redemption Amount: [Note: normally by reference to Settlement Price or Settlement Prices where Averaging Dates apply.] *(Express per Calculation Amount)*
- 29.2 Maturity Date Extension: [Applicable/Not Applicable]
- 29.3 Reference Fund(s): [If more than one Reference Fund, insert the following:  
 [ ] ("**Reference Fund 1**")  
 [ ] ("**Reference Fund 2**")
- [NB: complete and number accordingly in relation to additional Reference Funds. Also repeat relevant information in 29.4 – 29.9 below inclusive and any other relevant item in respect of each Reference Fund. Specifying "In relation to Reference Fund [1]" or similar in relation to the relevant information.*
- If more than three Reference Funds, annex the details.]*
- 29.4 (a) Fund Interest: [Give details]
- (b) Fund Interest Unit(s): [Class [ ] shares] in [the Reference Fund] [Reference Fund 1]  
 [Class [ ] shares] in [Reference Fund 2]
- [If more than three Fund Interest Units, annex the details.]*
- 29.5 Reference Fund(s) Management and Administration
- (a) Fund Adviser: [ ]
- (b) Fund Administrator(s): [ ]
- (c) Fund Custodian: [ ]
- (d) Other Fund Service Provider(s): [ ] / [Not Applicable]
- (e) Key Person(s): [ ] / [Not applicable]
- 29.6 Fund Documents: [ ]

[NB: *Specify details of the prospectus-See Fund Linked Condition 5 of the Funds Technical Annex*]

29.7 Key Dates:

(a) Provisions for Valuation: *In relation to each of items 29.7(a)(i), (ii), (iii) and (v) (if applicable), add wording substantially as follows:*

[Each such date shall be deemed to be a [Valuation/Averaging] Date for the purposes of determining [any Maturity Date Extension pursuant to Fund Linked Condition 2.] [and/or] [the consequences of any such day not being a Fund Business Day]

- (i) Valuation Date: [ ]
- (ii) Initial Valuation Date: [ ] / [Not Applicable]
- (iii) Scheduled Observation Dates: [ ] / [Not Applicable]
- (iv) Observation Period: [ ] / [Not Applicable]
- (v) Final Valuation Date: [ ] / [Not Applicable]

(b) Other Dates:

- (i) Trade Date: [Issue Date]
- (ii) Reference Fund Subscription Date: [ ]
- (iii) Subscription Notice Date: [ ] / [Not Applicable]
- (iv) Fund Valuation Date: [ ] [specify in relation to Valuation Date or Averaging Date]
- (v) Fund Reporting Date(s): [ ] / [Generally expected to fall on the last Fund Business Day of the calendar month]
- (vi) Redemption Notice Date: [ ] [specify in relation to Valuation Date or Averaging Dates]
- (vii) Scheduled Redemption Payment Date: [Specify/Not Applicable]
- (viii) Cut-off Period/Final Cut-Off Date: [ ] [Specify Cut-Off Period and Final Cut-off Date, if any]

29.8 Averaging:

Averaging (applies/does not apply) to the Notes. [The Averaging Dates are [ ].]

[In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]

- 29.9 Valuation Method: [Deemed Payout Method-]/[Reported Value Method]
- 29.10 Valuation Time: [Not Applicable/give details]
- 29.11 Provisions for Settlement:
- (a) Settlement Price: [As per the Fund Linked Conditions]/[Specify if other than as set out in Fund Linked Conditions. Expressed as price per Fund Interest Unit.]
  - (b) Settlement Cycle [As per the Fund Linked Conditions]/[Other-give details]
- 29.12 Fund Business Day: [As per the Fund Linked Conditions]/[Other-give details]
- 29.13 Currency Business Day: [As per the Fund Linked Conditions]/[Other-give details]
- 29.14 Calculation Agent: [See paragraph 40 below] / [*specify other*]
- 29.15 Additional Extraordinary Fund Events: [Applicable / Not Applicable]  
[*please specify*]
- 29.16 Hypothetical Investor Jurisdiction: [As set out in the Fund Linked Conditions/other (give details)]
- 29.17 Hypothetical Investor: [As set out in the Fund Linked Conditions/other (give details)]
- 29.18 Redemption Fees: [Specify if applicable where Reported Value Method applies]
- 29.19 Additional Fund Representations: [Applicable] / [Not Applicable]  
[*If applicable, specify all operative details*]
- 29.20 Exchange Traded Fund Provisions: [Applicable] / [Not Applicable]
- [*If applicable, insert:*
- (a) Underlying Index: [ ]
  - (b) Underlying Index Sponsor: [ ]
- 29.21 Other terms or special conditions, including Initial Stock Loan Rate and Maximum Stock Loan Rate in respect of one or more Component Securities in the Index if required: [ ]

30. Credit Linked Redemption Notes: [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- 30.1 Final Redemption Amount: [ ] *(Express per Calculation Amount)*
- 30.2 Trade Date: [ ]
- 30.3 Effective Date: [ ]
- 30.4 Calculation Agent responsible for making determinations under the relevant Technical Annex: [See paragraph 40 below] / [Principal Paying Agent] *[specify other]*
- [Address]
- 30.5 Calculation Agent City: [London] / [specify other]

*Credit Provisions*

- 30.6 Whether the Notes relate to a single name or a portfolio of names:
- (a) Single name: [Applicable/Not Applicable]
- (b) First to Default: [Applicable] / [Not Applicable]
- (c) Portfolio Credit Linked Notes: [Applicable] / [Not Applicable]
- (d) Portfolio Maturity Settled Credit Linked Notes: [Applicable] / [Not Applicable]
- [If applicable, specify Reference Amount in respect of each Reference Entity]
- 30.7 Reference Entity(ies): [If more than one Reference Entity, insert the following:
- [ ] ("**Reference Entity 1**")
- [ ] ("**Reference Entity 2**")

*[NB: complete and number accordingly in relation to additional Reference Entities. Also repeat relevant information in 30.8 – 30.16 below inclusive in respect of each Reference Entity. Specifying "In relation to Reference Entity [1]" or similar in relation to the relevant information.*

*If more than three Reference Entities or if required, annex the details or insert a table.]*

*(N.B. By specifying "Standard Terms" as applicable to a Reference Entity, the relevant information set out in Credit Linked Condition 21 shall apply. Note that not all*

*relevant information is given in the Standard Terms and ensure the remaining sections of this item 30 are completed accordingly.)*

- 30.8 Standard Terms: [Applicable/Not applicable]
- If applicable, insert:* The following standard Terms apply:  
[North American Corporate/North American High Yield Corporate/North American Monoline Insurer Corporate/European Corporate/European Insurance Corporate (Subordinated Debt)/Emerging European and Middle Eastern Corporate/Australia & New Zealand Corporate/Japan Corporate/Singapore Corporate/Latin America Corporate B/Latin America Corporate B&L/Asia Corporate/Asia Sovereign/Emerging European & Middle Eastern Sovereign/Australia & New Zealand Sovereign/Japan Sovereign/Singapore Sovereign/Latin America Sovereign/Western European Sovereign]
- 30.9 Reference Obligation[s]: [ ]
- The obligation(s) identified as follows:* [If more than three Reference Obligations, annex the details]
- [(a)] Primary Obligor: [ ]
- Guarantor: [ ]
- Maturity: [ ]
- Coupon: [ ]
- CUSIP / ISIN: [ ]
- [(b)] *(repeat above headings if more than one reference obligation)*
- 30.10 Substitute Reference Obligation[s]: [As per the definition contained in the Credit Technical Annex] / [give details]
- 30.11 All Guarantees: [Applicable] / [Not Applicable]
- [Standard Terms]
- [Provisions relating to Qualifying Guarantee and Underlying Obligation (Credit Linked Condition 16): [Applicable] / [Not Applicable]
- 30.12 Credit Events: [Bankruptcy]
- [Failure to Pay]
- Grace Period Extension: [Applicable] / [Not Applicable]

[If Applicable:

Grace Period: [30 calendar days] / [other]]

Payment Requirement: [ ] (or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay)

[Obligation Default]

[Obligation Acceleration]

[Repudiation / Moratorium]

[Restructuring]

[Restructuring Maturity Limitation and Fully Transferable Obligation: [Applicable] / [Not Applicable]

[Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: [Applicable] / [Not Applicable]

Default Requirement: [ ] (or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event)

[Standard Terms]

30.13 Additional Credit Event(s): [ ] [Specify – e.g. any trigger event]

30.14 Conditions to Settlement: Notice of Publicly Available Information: [Applicable] / [Not Applicable]

[If Applicable:

Public Source(s): [ ]

Specified Number: [2] / [other]]

30.15 Obligation(s):

(a) Obligation Category: [Payment]

(select one only) [Credit Linked Borrowed Money]

[Reference Obligations only]

[Bond]

[Loan]



[Bond or Loan]

[Standard Terms]

(b) Obligation Characteristics: [Not Subordinated]

(select all of which apply) [Specified Currency:

[Standard Specified Currencies / [(specify currency)]

[Not Sovereign Lender]

[Not Domestic Currency]

[Domestic Currency means: (specify currency)]

[Not Domestic Law]

[Listed]

[Not Domestic Issuance]

[Standard Terms]

(c) Additional Obligation[s]: [ ]

(d) Excluded Obligation[s]: [ ]

30.16 Accrual of Interest upon a Credit Event: [Applicable] / [Not Applicable] / [specify any further details]

30.17 Merger Event: [Applicable] / [Not Applicable]

[If applicable:

Merger Event Redemption Date: [ ] / [Five (5) Business Days after the Calculation Agent determines that a Merger Event has occurred.]

30.18 Unwind Costs: [Standard Unwind Costs] / [specify other] / [Not Applicable]

30.19 Provisions relating to Monoline Insurer as Reference Entity: Credit Linked Condition 14: [Applicable] / [Not Applicable]

Credit Linked Condition 15: [Applicable] / [Not Applicable]

(NB: If applicable, only one of Credit Linked Condition 14 and Credit Linked Condition 15 should be specified but not both)

- 30.20 Provisions relating to LPN Reference Entities: Credit Linked Condition 17: [Applicable] / [Not Applicable]
- 30.21 Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Delivery [Cash Settlement / Physical Delivery]  
*[Specify if Issuer has the option to vary settlement and in this case complete both Cash and Physical Settlement provisions]*
- (If cash settlement applies, complete the following section)* *(If not applicable, delete the remaining sub-paragraphs of this cash settlement paragraph)*
- (a) Credit Event Redemption Amount: *[Express per Calculation Amount]* / [Such amount as determined by the Calculation Agent in accordance with the Credit Linked Conditions]
- (b) Credit Event Redemption Date: [ ] Business Days
- (c) Valuation Date: [Single Valuation Date:  
[ ] Business Days]  
[Multiple Valuations Dates:  
[ ] Business Days' and each [ ] Business Day thereafter.  
Number of Valuation Dates: [ ]]
- (d) Valuation Time: [ ] / [As per the definition in the Credit Technical Annex]
- (e) Valuation Obligations: [ ] / [Valuation Obligation applicable] *[Delete if not applicable]*  
*[select one only]* [Payment]  
[Borrowed Money]  
[Reference Obligations Only]  
[Bond]  
[Loan]  
[Bond or Loan]  
[Standard Terms]
- (f) Valuation Obligation Characteristics Not Subordinated  
*[select all of which apply]* [Credit Linked Specified Currency: (specify currency)] / [Standard Specified Currencies]

[Not Sovereign Lender]

[Not Domestic Currency]

[Domestic Currency means: (*specify currency*)]

[Not Domestic Law]

[Listed]

[Not Contingent]

[Not Domestic Issuance]

[Assignable Loan]

[Consent Required Loan]

[Direct Participation Loan]

[Qualifying Participation Seller: [ ] (*insert details*)]

[Transferable]

[Maximum Maturity: [ ]]

[Accelerated or Matured]

[Not Bearer]

[Standard Terms]

(g) Valuation Obligation [ ]  
Determination Period:

(h) Additional Valuation [ ]  
Obligations:

(i) Excluded Valuation [ ]  
Obligations:

(j) Quotation Method: [Bid] / [Offer] / [Mid-market]

(k) Quotation Amount: [ ] / [Representative Amount]

(l) Minimum Quotation Amount: [ ] / [As per the definition in the Credit Technical Annex]

(m) Quotation Dealers: [ ] / [As per the definition in the Credit Technical Annex]

(n) Quotations: [Include Accrued Interest] / [Exclude Accrued Interest]

(o) Valuation Method: [Market / Highest]

[Average Market / Highest / Average Highest]

[Blended Market / Blended Highest]

[Average Blended Market / Average Blended Highest]

(p) Other terms or special conditions: [ ]

*(If physical delivery applies, complete the following section)*

*(If not applicable, delete the remaining sub-paragraphs of this physical delivery paragraph)*

(q) Physical Settlement Period: [[ ] Business Days] / [Not Applicable]

(r) Asset Amount: [Include Accrued Interest] / [Exclude Accrued Interest]

(s) Settlement Currency: [ ]

(t) Deliverable Obligations:

Deliverable Obligation Category [Payment]

*(select one only)* [Borrowed Money]

[Reference Obligations only]

[Bond]

[Loan]

[Bond or Loan]

[Standard Terms]

Deliverable Obligation Characteristics: [Not Subordinated]

*(select all of which apply)*

[Credit Linked Specified Currency:

*(specify currency)*] / [Standard Specified Currencies]

[Not Sovereign Lender]

[Not Domestic Currency]

[Domestic Currency means: *(specify currency)*]

[Not Domestic Law]

[Listed]

[Not Contingent]

[Not Domestic Issuance]

[Assignable Loan]

[Consent Required Loan]

[Direct Participation Loan]

[Qualifying Participation Seller: ] (*insert details*)

[Transferable]

[Maximum Maturity: ]

[Accelerated or Matured]

[Not Bearer]

[Standard Terms]

(u) Additional Deliverable Obligation[s]:  / [Not Applicable]

(v) Excluded Deliverable Obligation[s]:  / [Not Applicable]

(w) Indicative Quotations: [Applicable] / [Not Applicable]

(x) Cut-Off Date:  / [Not Applicable] (N.B. This is a date by which Asset Transfer Notices are required for timely settlement)

(y) Delivery provisions for Asset Amount (including details of who is to make such delivery) if different from the Credit Linked Conditions:  / [Not Applicable]

(z) Guaranteed Cash Settlement Amount: [*Insert details for calculation*]

(aa) Other terms or special conditions:

30.22 Other terms or special conditions:

**31.** Commodity Linked Redemption Notes [Applicable] / [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph. If applicable, insert: provisions here)*

**32.** Inflation Linked Redemption Notes [Applicable] / [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph. If applicable, insert provisions here)*

33. Property Linked Redemption Notes [Applicable] / [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph. If applicable, insert provisions here)*

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

34. Form of Notes:

34.1 Form:

[Bearer Notes:

[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event]].

[Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date.]

[Permanent Bearer Global Note exchangeable for Definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event]].

*(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.:*

*"[€50,000 and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*

[Registered Notes:

[Regulation S Global Note (U.S.\$[ ] of the nominal amount registered in the name of a

nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg])/Rule 144A Global Note (U.S.\$[ ] of the nominal amount registered in the name of a nominee for [DTC/ a common depository for Euroclear and Clearstream, Luxembourg])]

[Swedish Notes:

[The Swedish Notes are in uncertificated and dematerialised book-entry form issued in accordance with the provisions of the Swedish Financial Instruments Accounts Act (SFS 1998:1479) (Sw. Lagen (1998:1479) om kontoföring av finansiella instrument). No global or definitive Swedish Notes will be issued. The provisions of the Regional Annex shall apply to the Swedish Notes]]

34.2 New Global Note: [Yes] / [No]

35. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable] / [give details][Following – i.e. If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to any further interest or other payment in respect of such delay.]

36. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): [Yes] / [No]

[If yes, give details: e.g. Talons will be issued if required and mature as of the date on which the last Receipt and/or Coupons on any definitive Note falls due]

37. Details relating to Partly Paid Notes: [Not Applicable] / [give details]

amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [N.B. new form of temporary Global Note and/or permanent Global Note may be required for Partly Paid issue]

37.1 Part Payment Date(s): [ ]

37.2 Part Payment Amount(s): [ ]

38. Details relating to Instalment Notes: [Not Applicable] / [give details]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

38.1 Instalment Amount(s): [ ]

38.2 Instalment Date(s): [ ]

39. Redenomination, renominatisation and Redenomination [not] applicable  
reconventioning provisions:

*[If applicable,*

The provisions annexed to this Final Terms apply.]

*(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))*

40. Calculation Agent:

[Abbey National Treasury Services plc  
2 Triton Square  
Regent's Place  
London NW1 3AN  
United Kingdom]  
*[specify other]*

CUSIP: [ ]

41. Any Terms and Conditions additional to, or modified from, those set forth in the Prospectus: [ ] / [Not Applicable]

*(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

## DISTRIBUTION

42. 42.1 If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable] / [give names and addresses of each entity acting as underwriter and its respective underwriting commitments]]\*

*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*

42.2 Date of Subscription Agreement: [ ]

*(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies).*

42.3 Stabilising Manager(s) (if any): [Not Applicable] / [give name]



43. If non-syndicated, name and address of relevant Dealer: [Not Applicable] / [*give name and address*]
- [In connection with the issue of any Tranche of Notes, the relevant Dealer (if any) named as the stabilising manager (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms or Prospectus (as the case may be) (the "**Stabilising Manager**") may over-allot Notes (provided that, in the case of any Tranche of Notes to be admitted to trading on the London Stock Exchange's regulated market and/or any other regulated market (within the meaning of FSMA) in the European Economic Area, the aggregate nominal amount of Notes allotted does not exceed 105.00 per cent. of the aggregate nominal amount of the Tranche of Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Tranche of Notes and 60 days after the date of the allotment of the Tranche of Notes.]
44. U.S. Selling Restrictions: [Reg. S Compliance Category [1] [2]; TEFRA D / TEFRA C / TEFRA not applicable]:
45. Non exempt Offer: [Not Applicable] / [An offer of the Notes may be made by any Dealer [and [*specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by any Dealer") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known*]] (together with the Dealer(s), the "**Financial Intermediaries**") other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)*] ("**Public Offer Jurisdictions**") during the period from [*Insert, for example, one business day after satisfaction of all regulatory requirements of such Member State(s)*] until [*specify date or a formula such as "the Issue Date" or "the date which falls [ ] Business Days thereafter"*] ("**Offer Period**"). Copies of these Final Terms will be provided to the competent authorities in the Public Offer Jurisdictions. See further Paragraph 10 of Part B below.

*(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the Base Prospectus (and any supplement) has been notified / passported.)*

46. Additional Selling restrictions: [Not Applicable]/[give details]

#### **LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required for issue and admission to trading on [specify relevant regulated market (for example the London Stock Exchange's Regulated Market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)] of Notes described herein pursuant to the €2,000,000,000 Structured Note Programme of Abbey National Treasury Services plc.

#### **RESPONSIBILITY**

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms. Relevant third party information, for example, in compliance with Annex XII to the Prospectus Directive Regulation in relation to each Relevant Asset (as defined in the General Conditions) or its components] has been extracted from [specify source]. The Issuer and the Guarantor each confirm that such information has been accurately reproduced and that, so far as they are aware and is/are able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer and the Guarantor:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

1.1 Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market and to be listed the Official List of the UK Listing Authority with effect on or about [the Issue Date].

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market and to be listed on the Official List of the UK Listing Authority with effect on or about [the Issue Date].]

[Not Applicable.]

*(Where documenting a fungible issue, indication must be given that the original Notes are already admitted to trading).*

1.2 Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

2.1 Ratings:

[The Notes to be issued have been rated:

[Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.: [ ]]

[Moody's Investor's Service, Inc.: [ ]]

[Fitch Ratings: [ ]]

*[Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(The above disclosure should reflect the rating specifically allocated to Notes by the relevant credit rating agency).*

[None. Please note that as at the Issue Date it is not intended that this specific Series of Notes will be rated.]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Dealer [and any Financial Intermediary[(ies)]], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. *(Amend as appropriate if there are other interests)*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive)]*

#### **4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

4.1 Reasons for the offer: [General corporate purposes]

*(See "Use of Proceeds" wording in Prospectus - if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

4.2 Estimated net proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

4.3 Estimated total expenses: [ ]

[Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".]

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at 4.2 and 4.3 above where disclosure is included at 4.1 above.)*

#### **5. YIELD - Fixed Rate Notes Only**

Indication of yield: [ ]

[Calculated as [include details of method of calculation in summary form] on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

#### **6. HISTORIC RATES OF INTEREST - Floating Rate Notes Only**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters and/or Bloomberg].

#### **7. PERFORMANCE OF REFERENCE ASSET [RATE[S] OF EXCHANGE / FORMULA / CURRENCIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [RELEVANT ASSET] [THE [EXCHANGE RATE(S)/FORMULA/CURRENCIES]] – Variable Interest Rate Notes And Variable Redemption Notes**

*[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

(N.B. *The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.*)

*[Need to include details of where past and future performance and volatility of the Relevant Asset can be obtained]. [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. Need to include any adjustment rules in relation to events concerning the underlying (if applicable)]*

*[Where the underlying is an index, include the name of [the/each] index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about [the/each] index can be obtained.]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

**8. PERFORMANCE OF THE RATES OF EXCHANGE AND, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT - Dual Currency Notes Only**

*If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]*

(N.B. *The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies*)

*[Need to include details of where past and future performance and volatility of the relevant rates can be obtained and a clear explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

**9. OPERATIONAL INFORMATION**

9.1 ISIN Code: [ ]

9.2 Common Code: [ ]

*(insert here any other relevant codes such as CUSIP and CINS numbers)*

9.3 Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not applicable/give name(s) and number(s)]

9.4 Delivery: Delivery [against/free of] payment

9.5 Names and addresses of additional [ ]  
Paying Agent(s) (if any):

9.6 Intended to be held in a manner which [Yes] / [No]  
would allow Eurosystem eligibility:

[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the international central securities depositories ("ICSDs") as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]

*(include this text if "yes" selected in which case the Notes must be issued in NGN form.)*

9.7 Governing law: English

9.8 Additional investment considerations: [Applicable. See Annex [ ] contained herein]  
[Not Applicable]

*[If applicable, set out in an annex all additional risk factors or other investment considerations applicable to the particular Tranche of Notes to be issued.]*

## 10. TERMS AND CONDITIONS OF THE OFFER

[Applicable] / [Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
[The Notes will be offered to the public in each of *[insert jurisdictions where the Base Prospectus has been approved and published and jurisdictions into which it has been passported ("Public Offer Jurisdictions")*] in accordance with the arrangements listed below.]

10.1 Offer Price: [Not Applicable] / *[give details]*

10.2 [Conditions to which the offer is subject:] [Not Applicable] / *[give details]*

[Offers of the Notes are conditions on their issue and are subject to such conditions as are set out in the [Distribution Agreement]. As between Dealers and their customers (including Financial Intermediaries) or between Financial Intermediaries and their customers, offers of the Notes are further subject to such conditions as may be agreed between them and/or as is specified in any arrangements in place between them.]

10.3 [Description of the application process:] [Not Applicable] / *[give details]*

- 10.4 Time period, including any possible amendments, during which the offer will be open: [[ ] [a.m.] [p.m.] on [ ] to [ ] [a.m.] [p.m.] on [ ]]
- 10.5 [Details of the minimum and/or maximum amount of application]: [Not Applicable] / [give details]
- 10.6 [Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants]: [Not Applicable] / [give details]
- 10.7 [Details of the method and time limits for paying up and delivering the Notes:]: [Not Applicable] / [give details]  
 [NB: Under normal circumstances, on the Issue Date, allocated Notes will be made available to the Dealer(s) / Financial Intermediaries in such account as may be held by them directly or indirectly at Euroclear or Clearstream. Luxembourg.]
- 10.8 [Manner in and date on which results of the offer are to be made public:]: [Not Applicable] / [give details]  
 [If applicable (i) specify date on which the final size of the issue will be made public and (ii) insert specific details in respect of the method of publication (including, where relevant, details of any advertisements to be published).]
- 10.9 [Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:]: [Not Applicable] / [give details]
- 10.10 [Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:]: [Not Applicable] / [give details]  
 [Offers or solicitations may be made by the Dealer(s) in [insert relevant Public Offer Jurisdictions] for the period set out in paragraph 10.4 above, to any person [insert suitability criteria, if any are deemed appropriate pursuant to any applicable conduct of business rules]. No offer or solicitation in respect of the Notes shall be made by the Dealer(s) except pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus (a) in any other EEA country or (b) after the period set out in paragraph 10.4 above has ended.]  
 [Other]
- 10.11 Indication of the expected price at which the Notes will be offered or the method of determining the price and the process for its disclosure: [Not Applicable] [The Issuer has offered and will sell the Notes to the Dealer(s) (and no one else) at the Issue Price of [ ] [less a total commission of [ ]]. The Dealer(s) and Financial Intermediaries will offer and sell the Notes to their customers in accordance with the arrangements in place between each such Dealer and its customers (including the

Financial Intermediaries) or each such Financial Intermediary and its customers by reference to the Issue Price and the market conditions prevailing at the time.]

- 10.12 [Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:] [Not Applicable] / [give details]  
[Prospective Noteholders will be notified by the relevant Dealer(s) and Financial Intermediary in accordance with the arrangements in place between such Dealer(s) or Financial Intermediary and its customers. Any dealings in the Notes, which take place will be at the risk of the prospective Noteholders.]
- 10.13 Details of any tranche(s) reserved for specific country: [Not Applicable] / [give details]
- 10.14 [Amount of any expenses and taxes specifically charged to the subscriber or purchaser:] [Not Applicable] / [give details]
- 10.15 Additional information applicable to the terms and conditions of the offer, if any: [Not Applicable] / [give details]
- 10.16 [Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.] [None known to the Issuer] / [give details]

The Issuer is only offering to and selling to the Dealer(s) pursuant to and in accordance with the terms of the [Distribution Agreement] [Programme Agreement]<sup>6</sup>. All sales to persons other than the Dealer(s) will be made by the Dealer(s) or persons to whom they sell, and/or otherwise make arrangements with, including the Financial Intermediaries. The Issuer shall not be liable for any offers, sales or purchases of Notes to persons (other than in respect of offers and sales to, and purchases of, Notes by the Dealer(s) and only then pursuant to the [Distribution Agreement] [Programme Agreement], which are made by the Dealer(s) or Financial Intermediaries in accordance with the arrangements in place between any such Dealer or any such Financial Intermediary and its customers.

[Each [of] the Dealer(s) has acknowledged and agreed, and any Financial Intermediary will be required by the Dealer(s) to acknowledge and agree, that for the purpose of offer(s) of the Notes, the Issuer has passported the Base Prospectus in each of the Public Offer Jurisdictions and will not passport the Base Prospectus into any other European Economic Area Member State; accordingly, the Notes may only be publicly offered in Public Offer Jurisdictions or offered to Qualified Investors (as defined in the Prospectus Directive) in any other European Economic Area Member States and that all offers of Notes by it will be made only in accordance with the selling restrictions set forth in the Prospectus and the provisions of these Final Terms and in compliance with all applicable laws and regulations.]

---

<sup>6</sup> Delete as applicable depending on whether syndicated trade or not.



## General Conditions

### GENERAL TERMS AND CONDITIONS OF THE NOTES

*The following general terms and conditions (the "**General Conditions**"), together with the Technical Annex(es) (if applicable), are the terms and conditions (collectively, the "**Conditions**") of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Conditions. The applicable Final Terms in relation to any Tranche of Notes will complete and supplement the Conditions in relation to each Tranche of Notes and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, together with the Technical Annex(es) (if applicable), replace or modify the following Conditions for the purpose of such Notes. The applicable Final Terms, (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of the applicable Final Terms which will specify which of such terms are to apply in relation to the relevant Notes. References in these Conditions to "**Final Terms**" shall mean a tranche of Notes issued pursuant to this Prospectus.*

This Note is one of a Series of Notes issued by Abbey National Treasury Services plc (the "**Issuer**", which expression shall include any substitute pursuant to General Condition 15 (*Substitution*) below) pursuant to an Agency Agreement (as defined below).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

1. in relation to any Note(s) represented by a global Note in bearer form (a "**Bearer Global Note**") or registered form (a "**Registered Global Note**") (a Bearer Global Note and a Registered Global Note, each a "**Global Note**"), units of each Specified Denomination in the Specified Currency of the applicable Notes, each as specified in the applicable Final Terms;
2. any Global Note;
3. any definitive Notes in bearer form ("**Definitive Bearer Notes**") issued in exchange for a Bearer Global Note; and
4. any definitive Notes in registered (or inscribed) form ("**Definitive Registered Notes**") (whether or not issued in exchange for a Registered Global Note).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated agency agreement dated on or about 26 March 2009 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") made between the Issuer, Abbey National plc (the "**Guarantor**") as guarantor, Citibank, N.A., London as issuing and principal paying agent, agent bank and transfer agent (the "**Principal Paying Agent**", which expression shall include any additional or successor agent acting in such capacities) and exchange agent (the "**Exchange Agent**" which expression shall include any additional or successor exchange agents), Citigroup Global Markets Deutschland AG. & Co. KGaA. as registrar (the "**Registrar**", which expression shall include any additional or successor registrar) and as transfer agent (the "**Transfer Agent**", which expression shall include the Principal Paying Agent in its capacity as a transfer agent and any additional or successor transfer agents) and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**"). The Principal Paying Agent, the Registrar, the Paying Agents, the Transfer Agent, the Exchange Agent and the Calculation Agent are together referred to as the "**Agents**".

References to "**Calculation Agent**" are to the entity specified as such in the applicable Final Terms or any successor in such capacity.

## ***General Conditions***

The Issuer's obligations in respect of this Note have been guaranteed by the Guarantor pursuant to a guarantee (the "**Guarantee**") dated on or about the date of the Base Prospectus and executed by the Guarantor. The original Guarantee is held by the Principal Paying Agent at its specified office.

Interest bearing Definitive Bearer Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference in these Conditions to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these General Terms and Conditions of the Notes (the "**Conditions**", which term shall include one or more Technical Annex(es) in the form annexed hereto (each a "**Technical Annex**") if specified as applicable in such Final Terms) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify the Conditions for the purposes of this Note. References to the "**applicable Final Terms**" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note and provisions relating to types of Variable Interest Rate Notes and Variable Redemption Notes for which no Technical Annex exists shall be set out, if required, in the applicable Final Terms.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Receiptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the deed of covenant (the "**Deed of Covenant**") dated on or about the date of the Base Prospectus and made by the Issuer. The original of the Deed of Covenant is held by the common depository for Euroclear and Clearstream, Luxembourg (each as defined herein).

Copies of the Agency Agreement (which contains the form of the Guarantee and the Deed of Covenant) are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing during normal business hours at the specified office of each of the Paying Agents and copies may be obtained from those offices save that, if the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Directive 2003/71/EC (the "**Prospectus Directive**"), the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Guarantee, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms shall prevail. In the case of any inconsistency between any Technical Annex(es) specified as

## **General Conditions**

applicable in the applicable Final Terms and other parts of these Conditions, the provisions of the applicable Technical Annex(es) shall prevail. In the case of any inconsistency between the applicable Final Terms and the Conditions, the applicable Final Terms shall prevail.

### **1. FORM, DENOMINATION AND TITLE**

The Notes are in bearer form ("**Bearer Notes**") or in registered (or inscribed) form ("**Registered Notes**") as specified in the applicable Final Terms in the Specified Currency and the Specified Denomination(s) and, in the case of definitive Notes, serially numbered. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes or interests in Bearer Notes may not be exchanged for Registered Notes or interests in Registered Notes and *vice versa*. All Registered Notes shall have the same Specified Denomination. Unless otherwise specified in the applicable Final Terms, the Notes will be issued in Classic Global Note ("**CGN**") form.

A Note may be designated in the applicable Final Terms as either (i) a Fixed Rate Note, (ii) a Floating Rate Note, (iii) a Non-Interest Bearing Note, (iv) a Zero Coupon Note, (v) a Dual Currency Interest Note, or (vi) any one of an Equity Index Linked Interest Note, an Equity Linked Interest Note, a Commodity Linked Interest Note, an Inflation Linked Interest Note, a Property Linked Interest Note, a Fund Linked Interest Note, or a Currency Linked Interest Note (such Notes specified in this sub-paragraph (vi), collectively, "**Variable Interest Rate Notes**") or any other type of interest bearing Notes or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

A Note may be designated in the applicable Final Terms as (i) an Instalment Note, (ii) a Dual Currency Redemption Note, (iii) a Partly Paid Note, or (iv) any one of an Equity Index Linked Redemption Note, an Equity Linked Redemption Note, a Commodity Linked Redemption Note, an Inflation Linked Redemption Note, a Property Linked Redemption Note, a Fund Linked Redemption Note, a Currency Linked Redemption Note, or a Credit Linked Redemption Note, (such Notes specified in this sub-paragraph (vi), collectively, "**Variable Redemption Notes**") or any other type of redeemable Notes or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons and, if applicable, Receipts attached, unless they are Zero Coupon Notes or Non-Interest Bearing Notes in which case references to Coupons and Couponholders in these Conditions are not applicable. The applicable Final Terms will specify whether settlement shall be by way of cash payment ("**Cash Settled Notes**") or by physical delivery ("**Physical Delivery Notes**"). Any reference in these Conditions to Physical Delivery Notes shall mean Notes in respect of which an asset amount (being the number of underlying equity, bond, security or such other asset as may be specified in the applicable Final Terms (the "**Relevant Asset(s)**") plus/minus any amount due to/from the Noteholder in respect of each Note) is deliverable and/or payable by reference to one or more Relevant Assets as the Issuer and the relevant Dealer(s) may agree and as set out in the applicable Final Terms.

Notes may, if specified in the applicable Final Terms, allow Noteholders upon redemption of such Notes to elect for settlement by way of cash payment or by way of physical delivery or by such other method of settlement as is specified in the applicable Final Terms. Those Notes where the Noteholder has elected for cash payment will be Cash Settled Notes and those Notes where the Noteholder has elected for physical delivery will be Physical Delivery Notes. The rights of a Noteholder as described in this paragraph may be subject to the Issuer's right to vary settlement upon redemption of Notes as indicated in the applicable Final Terms.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in the Register, which is kept by the Registrar, in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor, and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for

## ***General Conditions***

all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Bearer Global Note or a Regulation S Global Note (as defined below) held on behalf of or, as the case may be, registered in the name of a common nominee for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or, as the case may be, the registered holder of the relevant Regulation S Global Note shall be treated by the Issuer, the Guarantor and the Paying Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

For so long as any of the Notes are represented by a Rule 144A Global Note (as defined below) registered in the name of The Depository Trust Company of New York ("**DTC**") or its nominee, each person who is for the time being shown in the records of DTC or such nominee as the holder of a particular nominal amount of such Notes shall be treated by the Issuer, the Guarantor and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on, or voting, giving consents or making requests in respect of, such nominal amount of such Notes, for which purpose DTC or, in the case of payments only, its nominee shall be treated by the Issuer, the Guarantor and the Paying Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of such Registered Global Note (as defined below), and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

Interests in a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in the applicable Final Terms or otherwise approved by the Issuer, the Guarantor, the Registrar and the Paying Agents (each a "**Relevant Clearance System**").

## **2. TRANSFERS OF REGISTERED NOTES**

### **2.1 Transfers of interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Registered Notes or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Rule 144A Global Note shall be limited to transfers of such Rule 144A Global Note, in whole but not in part, to a nominee of DTC or to a successor of DTC or such successor's nominee. For purposes of these Conditions, a "**Rule 144A Global Note**" means a Registered Global Note representing Notes sold in the

## **General Conditions**

United States to "qualified institutional buyers" ("QIBs") pursuant to Rule 144A of the United States Securities Act of 1933, as amended (the "**Securities Act**").

### **2.2 Transfers of Definitive Registered Notes**

Subject as provided in General Conditions 2.4 (*Costs of registration*), 2.5 (*Transfers of interests in Regulation S Global Notes*) and 2.6 (*Transfers of interests in Restricted Notes*) below, upon the terms and subject to the terms and conditions set forth in the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part in the authorised denominations set out in the applicable Final Terms. In order to effect any such transfer:

- (A) the holder or holders must:
  - (i) surrender the Definitive Registered Note for registration of the transfer of the Definitive Registered Note (or the relevant part of the Definitive Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing; and
  - (ii) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent; and
- (B) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request.

Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 8 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three (3) business days (being for the purposes of these Conditions a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Definitive Registered Note for the same aggregate nominal amount as the Definitive Registered Note (or the relevant part of the Definitive Registered Note) transferred. In the case of a transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Definitive Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to such address as the transferor may request.

### **2.3 Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under General Condition 7 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

### **2.4 Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by normal uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

## ***General Conditions***

### **2.5 Transfers of interests in Regulation S Global Notes**

Prior to expiry of the period ending 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (the "**Distribution Compliance Period**"), transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person (as defined in the Securities Act) will only be made:

- (A) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate with the consent of the Issuer (a "**Transfer Certificate**"), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A of the Securities Act; or
- (B) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of paragraph (A) above, such transferee may take delivery through a Rule 144A Global Note (or such Note issued in registered form in exchange or substitution therefor, together, a "**Restricted Note**") in global or definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

For purposes of these Conditions, a "**Regulation S Global Note**", means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S of the Securities Act.

### **2.6 Transfers of interests in Restricted Notes**

Transfers of Restricted Notes or beneficial interests therein may be made:

- (A) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (B) to a transferee who takes delivery of such interest through a Restricted Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (C) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

## **General Conditions**

Upon the transfer, exchange or replacement of Restricted Notes, or upon specific request for removal of any United States securities law legend en faced on Restricted Notes, the Registrar shall deliver only Restricted Notes or refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither such legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

### **2.7 Exchanges and transfers of Registered Notes generally**

Holders of Definitive Registered Notes may exchange such Notes for interests in a Registered Global Note of the same type at any time.

### **3. STATUS OF THE NOTES**

The Notes and the related Receipts and Coupons (if any) are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves and (subject to any applicable statutory provisions or judicial order) at least equally with all other present and future direct, unconditional, unsecured and unsubordinated obligations of the Issuer.

### **4. STATUS OF THE GUARANTEE**

The obligations of the Guarantor under the Guarantee are direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and rank *pari passu* with all present and future direct, unconditional, unsecured and unsubordinated obligations (including those arising under deposits received in its banking business) of the Guarantor, without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.

Subject as provided below and in the Guarantee, the Guarantor has unconditionally and irrevocably:

- (a) guaranteed to each Noteholder all obligations of the Issuer in respect of such Noteholder's Notes as and when such obligations become due; and
- (b) agreed that if and each time that the Issuer fails to satisfy any obligation under such Notes as and when such obligation becomes due, the Guarantor will (without requiring the relevant Noteholder first to take steps against the Issuer or any other person) make or cause to be made such payment or satisfy or cause to be satisfied such obligation punctually when and as the same shall become due and payable or due to be satisfied, as the case may be, as though the Guarantor were the principal obligor in respect of such obligation.

As more fully set forth in the Guarantee, the Guarantor shall at all times have the right, in its sole and unfettered discretion, to elect not to deliver or procure delivery of the Asset Amount (as specified in the applicable Final Terms) to the holders of Physical Delivery Notes when the same shall become due and deliverable, but in lieu thereof to pay an amount in cash in respect of each Note equal to the guaranteed cash settlement amount calculated pursuant to the terms of, or as specified in, the relevant Final Terms (the "**Guaranteed Cash Settlement Amount**"). Any payment of the Guaranteed Cash Settlement Amount in lieu of the relevant Asset Amount shall constitute a complete discharge of the Guarantor's obligations in respect of such Physical Delivery Notes.

## **General Conditions**

### **5. INTEREST**

#### **5.1 Interest Definitions**

In these Conditions:

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest in accordance with this General Condition 5:

- (A) if "**Actual/Actual (ICMA)**" or "**Act/Act (ICMA)**" is specified in the applicable Final Terms:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period (as defined below) during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (a) the number of days in such Determination Period and (b) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year, assuming interest was to be payable in respect of the whole of that year; or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (a) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year, assuming interest was to be payable in respect of the whole of that year; and
    - (b) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year, assuming interest was to be payable in respect of the whole of that year;
- (B) if "**Actual/Actual (ISDA)**", "**Actual/Actual**", "**Act/Act**" or "**Act/Act (ISDA)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period (as defined above) falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (C) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is specified in the applicable Final Terms, the actual number of days in the relevant Interest Period, divided by 365;
- (D) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (E) if "**Actual/360**", "**Act/360**" or "**A/360**" is specified in the applicable Final Terms, the actual number of days in the relevant Interest Period, divided by 360;
- (F) if "**30/360 (ICMA)**" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) up to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12-30 day months) divided by 360;



### **General Conditions**

- (G) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the relevant Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

*Where:*

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (H) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_1 - D_2)}{360}$$

*Where:*

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

## **General Conditions**

- (I) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_1 - D_2)}{360}$$

*Where:*

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day included in the Interest Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Interest Period;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

### **5.2 Interest on Fixed Rate Notes**

Each Fixed Rate Note will bear interest from (and including) the Interest Commencement Date (which unless otherwise specified in the applicable Final Terms shall be the Issue Date) at the rate(s) per annum (expressed as a percentage) equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Conditions and for the purposes of Fixed Rate Notes only, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

## **General Conditions**

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note or, if they are Partly Paid Notes, the aggregate amount paid up; or
- (b) in the case of a Fixed Rate Note in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit (as defined above) of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention or as specified in the applicable Final Terms. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

### **5.3 Interest on Floating Rate Notes and Variable Interest Rate Notes**

#### **(A) Interest Payment Dates**

Each Floating Rate Note and Variable Interest Rate Note will bear interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Interest Payment Date(s) in each year, as specified in the applicable Final Terms; or
- (ii) if no Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Interest Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each "**Interest Period**" (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (a) in any case where Specified Periods are specified in accordance with Condition 5.3(A)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (b) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (c) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next

## ***General Conditions***

calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (d) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means a day which is both:

- (ii) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and
- (iii) either (x) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre specified in the applicable Final Terms and which if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (y) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (or any successor thereto) (the "**TARGET2 System**") is open. Unless otherwise provided in the applicable Final Terms, or as above, the principal financial centre of any currency for the purpose of these Conditions shall be as provided in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Associations, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**").

### (B) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Variable Interest Rate Notes will be determined in the manner specified in the applicable Final Terms.

#### (i) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub paragraph (i), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or other person specified in the applicable Final Terms, under an interest rate swap transaction if the Principal Paying Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the applicable Final Terms;
- (b) the Designated Maturity is that period specified in the applicable Final Terms; and
- (c) the relevant Reset Date is either (1) if the applicable Floating Rate Option is based on the London inter bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**"), the first day of that Interest Period or (2) in any other case, as specified in the applicable Final Terms.

## ***General Conditions***

For the purposes of this sub-paragraph (i), (x) "**Euro-zone**" means the region comprised of member states of the European Union ("**Member States**") that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam and (y) "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(ii) *Screen Rate Determination for Floating Rate Notes*

(a) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (i) the offered quotation; or
- (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at 11:00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date (as defined below) in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or other person as specified in the applicable Final Terms. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent (or other person as specified in the applicable Final Terms) for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (a) above, no such offered quotation appears or, in the case of (b) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(iii) If the Reference Rate from time to time in respect of Floating Rate Notes or Variable Interest Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(C) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (B) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If no other Minimum Rate of Interest for any Interest Period is specified in the applicable Final Terms, then the Minimum Rate of Interest in

## ***General Conditions***

respect of such Interest Period shall be deemed to be zero and in no event shall the Rate of Interest for such calculation period in accordance with General Condition 5.3(B) above be less than zero.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (B) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(D) *Determination of Rate of Interest and calculation of Interest Amounts*

The Principal Paying Agent (or other person as specified in the applicable Final Terms), in the case of Floating Rate Notes, and the Calculation Agent, in the case of Variable Interest Rate Notes will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Variable Interest Rate Notes, the Calculation Agent will notify the Principal Paying Agent of the Interest Rate for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent (or other person as specified in the applicable Final Terms), in the case of Floating Rate Notes, and the Calculation Agent, in the case of Variable Interest Rate Notes, will calculate the amount of interest (the "**Interest Amount**") payable on the Notes for the relevant Interest Period by applying the Rate of Interest to:

- (a) in the case of Floating Rate Notes and Variable Interest Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the applicable Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up);
- (b) in the case of Floating Rate Notes and Variable Interest Rate Notes which are in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding. In such case, the Calculation Agent will notify the Principal Paying Agent of the Interest Amount for the relevant Interest Period as soon as practicable after calculating the same.

(E) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent (or other person as specified in the applicable Final Terms) will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange and/or market on which the relevant Notes are for the time being listed and/or admitted to trading and notice thereof to be published in accordance with General Condition 14 (*Notices*) as soon as possible after their determination but in no event later than the fourth (4th) London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange and/or market on which the relevant Notes are for the time being listed and/or admitted to trading and to the Noteholders in accordance with General Condition 14 (*Notices*). For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a

## **General Conditions**

Sunday) on which banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

(F) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this General Condition 5.3 (*Interest on Floating Rate Notes and Variable Interest Rate Notes*), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Guarantor, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

### **5.4 Interest on Dual Currency Interest Notes**

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

### **5.5 Interest on Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

### **5.6 Accrual of interest**

Subject as provided in any Technical Annex, each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (A) the date on which all amounts due in respect of such Note have been paid and/or all assets deliverable in respect of such Note have been delivered; and
- (B) five (5) days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent or the Registrar, as the case may be, and/or all assets in respect of such Note have been delivered and notice to that effect has been given to the Noteholders in accordance with General Condition 14 (*Notices*).

## **6. PAYMENTS**

### **6.1 Method of payment**

Subject as provided below:

- (A) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency;

## **General Conditions**

- (B) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (C) payments in U.S. Dollars will be made by transfer to a U.S. Dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this General Condition 6, means the United States of America, including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction), or by cheque drawn on a United States bank. In no event will payment in respect of Bearer Note be made by a cheque mailed to an address in the United States. All payments of interest in respect of Bearer Notes will be made to accounts located outside the United States except as may be permitted by United States tax law in effect at the time of such payment without detriment to the Issuer.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of General Condition 8 (*Taxation*).

### **6.2 Presentation of Definitive Bearer Notes, Receipts and Coupons**

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in General Condition 6.1 (*Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of Definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in General Condition 6.1 (*Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in General Condition 6.1 (*Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Definitive Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Variable Interest Rate Notes or Long Maturity Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten (10) years after the Relevant Date (as defined in General Condition 9 (*Prescription*)) in respect of such principal (whether or not such Coupon would otherwise have become void under General Condition 9 (*Prescription*)) or, if later, five (5) years from the date on which such Coupon would otherwise have become due, but in no event thereafter.



## **General Conditions**

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmaturing Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Note in definitive bearer form (other than a Fixed Rate Note which is not a Long Maturity Note) becomes due and repayable, unmaturing Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note. If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against presentation and surrender of the relevant Definitive Bearer Note.

### **6.3 Payments in respect of Bearer Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes and otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

No payments of principal, interest or other amounts due in respect of a Bearer Global Note will be made by mail to an address in the United States or by transfer to an account maintained in the United States.

### **6.4 Payments in respect of Registered Notes**

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**") at the close of business on the fifteenth (15th) calendar day before the relevant due date (the "**Record Date**"). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the nominal amount of the Notes held by a holder is less than U.S.\$100,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank. For these purposes, "**Designated Account**" means the account maintained by a holder with a designated bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the Record Date at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three (3) business days in the city where the specified office of

## ***General Conditions***

the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this General Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Rule 144A Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for payment in such Specified Currency for conversion into U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Guarantor or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

### **6.5 General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg or the relevant clearance system specified in the applicable Final Terms, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to DTC, Euroclear or Clearstream, Luxembourg or the relevant clearance system specified in the applicable Final Terms, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this General Condition 6.5, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (A) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (B) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (C) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

## ***General Conditions***

Any amount payable in respect of a Note which exceeds the sum subscribed represents an amount payable by the Issuer (i) as consideration for the use of the sum subscribed by the Issuer and (ii) as compensation for and in recognition that in certain circumstances the amount repayable on maturity may be less than the sum subscribed or that the amount paid in excess of the sum subscribed may have been less than the prevailing rate of interest (generally payable by the Issuer) at the time when the Notes were issued.

### **6.6 Payment Days**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to any further interest or other payment in respect of such delay. "**Payment Day**" means any day which (subject to General Condition 9 (*Prescription*)):

- (A) (i) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
    - (a) the relevant place of presentation;
    - (b) London; and
    - (c) each Additional Financial Centre specified in the applicable Final Terms; and
  - (ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and
- (B) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

### **6.7 Interpretation of principal and interest**

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (A) the Final Redemption Amount of the Notes;
- (B) the Early Redemption Amount of the Notes;
- (C) the Optional Redemption Amount(s) (if any) of the Notes;
- (D) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (E) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in General Condition 7.6 (*Early Redemption Amounts*)); and

## **General Conditions**

- (F) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

### **7. REDEMPTION AND PURCHASE**

#### **7.1 Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note (unless otherwise specified in the applicable Final Terms or Technical Annex(es)) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date or if the Notes are Physical Delivery Notes, by delivery of the Asset Amount, subject to fulfilment of the provisions of the applicable Technical Annex.

#### **7.2 Redemption at the option of Noteholders (Investor Put)**

If Investor Put is specified in the applicable Final Terms, subject to, and in accordance with, the terms specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with General Condition 14 (*Notices*) not less than 15 nor more than 30 calendar days' notice, the Issuer will, upon the expiry of such notice, redeem, in whole (but not, in the case of a Definitive Bearer Note, in part) such Note on the Optional Redemption Date (as specified in the applicable Final Terms) and at the Optional Redemption Amount (as specified in the applicable Final Terms) together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this General Condition 7.2 in any multiple of their lowest Specified Denomination. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

If this Note is in definitive form, to exercise the right to require redemption of this Note, the holder of this Note must deliver such Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this General Condition 7.2 and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of this General Condition 7.2.

If this Note is represented by a Global Note or is in definitive form and held through DTC or Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of DTC or Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to DTC or Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent or, in the case of Registered Notes, the Registrar for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of DTC, Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this General Condition 7.2 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this General Condition 7.2 and instead to declare such Note forthwith due and payable pursuant to General Condition 10 (*Events of Default*).

## ***General Conditions***

### **7.3 Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Final Terms, the Issuer may, subject to, and in accordance with, the terms specified in the applicable Final Terms, having given:

- (a) not less than 15 nor more than 30 calendar days' notice to the Noteholders in accordance with General Condition 14 (*Notices*); and
- (b) not less than 15 calendar days before the giving of the notice referred to in (a) above, notice to the Principal Paying Agent;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of DTC and/or Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 calendar days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with General Condition 14 (*Notices*) not less than 15 calendar days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this General Condition 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with General Condition 14 (*Notices*) at least five (5) days prior to the Selection Date.

### **7.4 Redemption for illegality**

In the event that the Calculation Agent determines that the performance of the obligations of the Issuer under the Notes or the obligations of the Guarantor under the Guarantee, or any arrangements made to hedge the Issuer's obligations under the Notes, has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power, or the interpretation thereof, the Issuer may, having given not less than 10 nor more than 30 calendar days' notice to the Noteholders in accordance with General Condition 14 (*Notices*) (which notice shall be irrevocable), on the expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount.

### **7.5 Regulatory Redemption Event**

In the event that the Calculation Agent determines that a change in applicable law or regulation has occurred which results, or will result, solely by reason of the Notes being outstanding, in the Issuer being required to be regulated by any additional jurisdiction or regulatory authority, or being subject to any additional legal requirement or regulation considered by the Issuer to be materially onerous to it, the Issuer having given not less than 10 nor more than 30 calendar days' notice to the Noteholders in accordance with General Condition 14 (*Notices*) (which notice shall be irrevocable) may, on the expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount. Payment shall be made in such manner as shall be notified to Noteholders in accordance with General Condition 14 (*Notices*).

## General Conditions

### 7.6 Early Redemption Amounts

For the purpose of General Conditions 7.4 (*Redemption for illegality*), 7.5 (*Regulatory Redemption Event*), General Condition 10 (*Events of Default*) or in the case of any other early redemption of the Notes in an applicable Technical Annex or as otherwise specified in the applicable Final Terms, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, subject as provided below, the Final Redemption Amount thereof; or
- (b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, subject as provided below, the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (c) in the case of a Zero Coupon Note, an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price; and

AY means the Accrual Yield expressed as a decimal; and

y is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms; or

- (d) if "**Market Value**" is specified as the Early Redemption Amount in the applicable Final Terms, the Early Redemption Amount in respect of each Note of nominal amount equal to the Calculation Amount shall be an amount determined by the Calculation Agent, which on (i) in the case of redemption other than pursuant to General Condition 10 (*Events of Default*), the second (2nd) Business Day immediately preceding the due date for the early redemption of the Note or (ii) in the case of redemption pursuant to General Condition 10 (*Events of Default*), the due date for the early redemption of the Note, represents the fair market value of the Note taking into account all factors which the Calculation Agent determines relevant (including, but not limited to, interest rates, index levels, implied volatilities in the option markets and exchange rates), less Associated Costs. In respect of Notes bearing interest and unless otherwise specified in the applicable Final Terms, the Early Redemption Amount, as determined by the Calculation Agent, in accordance with this paragraph, shall include any accrued interest up to but excluding (i) the second (2nd) Business Day immediately preceding the relevant early redemption date, in the case of redemption other than pursuant to General Condition 10 (*Events of Default*), or (ii) the due date for the early redemption of the Note, in case of redemption pursuant to General Condition 10 (*Events of Default*), and apart from any such interest included in the Early Redemption Amount, no interest, accrued or otherwise, or any other amount whatsoever will be payable by the Issuer or, as the case may be, the Guarantor in respect of such redemption. Where such interest calculation is to be made for a period of less than a full Interest Period, it shall be made on the basis of the Day Count Fraction, if applicable, specified in the

## **General Conditions**

applicable Final Terms, and shall include the interest accrued from and including the Interest Payment Date falling immediately prior to the due date for redemption, to but excluding the (i) the second (2nd) Business Day immediately preceding the relevant due date for redemption, in the case of redemption other than pursuant to General Condition 10 (*Events of Default*), or (ii) the due date for the early redemption of the Note, in case of redemption pursuant to General Condition 10 (*Events of Default*).

As used herein:

"**Associated Costs**" means an amount per nominal amount of the Note equal to the Calculation Amount equal to such Note's *pro rata* share (on the basis of the nominal amount of the Note the aggregate nominal amount of all Notes which have not been redeemed or cancelled as at the Early Redemption Date) of the total amount of any and all costs or expenses associated or incurred by the Issuer, any Affiliate and/or Hedging Party (as applicable) in connection with such early redemption, including, without limitation, any costs associated with unwinding the funding relating to the Notes and any costs associated with unwinding any hedge positions relating to the Notes, all as determined by the Calculation Agent in its sole and absolute discretion.

### **7.7 Automatic Early Redemption Event**

If Automatic Early Redemption is specified as applicable in the applicable Final Terms, then unless previously redeemed or purchased and cancelled, if an Automatic Early Redemption Event as specified in the applicable Final Terms occurs, then the Issuer will give notice to Noteholders in accordance with Condition 14 and the Notes will be redeemed in whole, but not in part, on the Automatic Early Redemption Date as specified in the applicable Final Terms at the Automatic Early Redemption Amount as specified in the applicable Final Terms. For the purposes of these Conditions, the Agency Agreement, the Guarantee, Global Notes and other forms of Notes, all references to an Early Redemption Date or Early Redemption Amount shall be deemed to include a reference to an Automatic Early Redemption Date or Automatic Early Redemption Amount, as applicable.

### **7.8 Instalments**

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to General Condition 7.6 (*Early Redemption Amounts*).

### **7.9 Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 7 and the applicable Final Terms.

### **7.10 Purchases**

The Issuer, the Guarantor or any of their respective Affiliates (as defined below) may at any time purchase Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise, in accordance with applicable laws and regulations. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to any Paying Agent for cancellation.

### **7.11 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together, in the case of Definitive Bearer Notes, with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to General Condition 7.10 (Purchases) above (together, in the case of Definitive Bearer Notes, with all unmatured

## **General Conditions**

Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

### **7.12 Late payment on Zero Coupon Notes**

Except as provided in the applicable Final Terms, if the amount payable in respect of any Zero Coupon Note upon early redemption of such Zero Coupon Note pursuant to General Conditions 7.4 (*Redemption for illegality*) or 7.5 (*Regulatory Redemption Event*) above or upon its becoming due and repayable as provided in General Condition 10 (*Events of Default*) or otherwise pursuant to any Technical Annex is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in General Condition 7.6(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five (5) days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with General Condition 14 (*Notices*).

### **7.13 Other Relevant Definitions**

For the purposes of the Conditions:

**"Affiliate"** means, in relation to any entity (the **"First Entity"**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **"control"** means ownership of a majority of the voting power of an entity or person or, if the Calculation Agent determines appropriate, the power to direct or cause the direction of the management and policies of the First Entity, whether by contract, or otherwise.

**"Hedging Party"** means the Issuer and/or any Affiliate and/or any other party which conducts hedging arrangements in respect of the Issuer's obligations in respect of the Notes from time to time.

## **8. TAXATION**

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer (or as the case may be, the Guarantor) will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom or the taxing authority of any territory in which the Issuer (or as the case may be, the Guarantor) is incorporated or resident for taxation purposes, or any political subdivision or any authority thereof or therein having power to tax (each a **"Tax Jurisdiction"**) unless such withholding or deduction is required by law. In such event, the Issuer (or as the case may be, the Guarantor or the relevant Paying Agent) will make such payment after the withholding or deduction of such taxes, duties, assessments or governmental charges has been made, shall account to the relevant authorities for the amount required to be withheld or deducted and shall not pay any additional amounts to the holders of the Notes, Receipts or Coupons.

## **9. PRESCRIPTION**

The Notes, Receipts and Coupons will become void unless presented for payment within a period of ten (10) years (in the case of principal) and five (5) years (in the case of interest) after the Relevant Date therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this General Condition 9 or General Condition 6.2



## **General Conditions**

(*Payments - Presentation of Definitive Notes, Receipts and Coupons*) or any Talon which would be void pursuant to General Condition 6.2 (*Payments - Presentation of Definitive Notes, Receipts and Coupons*).

For the purposes of these Conditions, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with General Condition 14 (*Notices*).

### **10. EVENTS OF DEFAULT**

10.1 If (a) any one or more of the following events shall occur and be continuing and (b) the holders of at least twenty-five per cent. (25%) in nominal amount of the Notes then outstanding so request the Issuer by notice in relation to the same event given in accordance with Condition 14 (*Notices*), then, upon the date of such notice requirement in (b) above being satisfied or, in the case of an event as described in (ii) below, on expiry of the relevant time period specified therein, the relevant event shall be treated as an "**Event of Default**" and unless (in the case of (i) or (ii) below) the relevant default(s) or failure(s) shall have been cured by the Issuer or the Guarantor prior to receipt of such written notice, all but not some only of the Notes shall forthwith become due and repayable at the Early Redemption Amount, without presentment, demand, protest or other notice of any kind. For the purposes of (a) above the relevant events are:

- (i) default is made for a period of 30 days or more in the payment of any principal or interest (including, for the avoidance of doubt, as applicable, delivery of assets) due in respect of the Notes or any of them. The Issuer and Guarantor shall not, however, be in default if such sums were not paid in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer or, as the case may be, the Guarantor will not be in default if it acts on the advice given to it during such 30 day period by an independent legal adviser; or
- (ii) the Issuer or the Guarantor fails to perform or observe any of its other obligations under the Notes, the Guarantee or the Agency Agreement (as the case may be) and such failure continues for the period of 60 days next following the notice requirement as described in (b) above being satisfied; or
- (iii) an effective resolution is passed or an order is made for the winding-up or dissolution of the Issuer or the Guarantor (except for the purposes of a reconstruction or amalgamation where the entity resulting from such reconstruction or amalgamation assumes all the rights and obligations of, as the case may be, the Issuer (including its obligations under the Notes) or the Guarantor (including its obligations under the Guarantee)).

At any time after such a declaration of acceleration with respect to the Notes has been made and before a judgment or decree for payment of the money due with respect to any Note has been obtained by any Noteholder, such declaration and its consequences may be rescinded and annulled upon the written consent of holders of a majority in aggregate nominal amount of the Notes then outstanding, or by resolution adopted by a majority in aggregate nominal amount of the Notes outstanding present or represented at a meeting of holders of the Notes at which a quorum is present, as provided in the Agency Agreement, if:

- (1) (A) the Issuer has paid or deposited with the Principal Paying Agent a sum sufficient to pay:
  - (1) all overdue amounts of interest on the Notes;
  - (2) all other amounts which have become due in respect of the Notes otherwise than by such declaration of acceleration; or

## **General Conditions**

- (B) in the case of Notes to be redeemed by physical delivery, the Issuer has delivered the relevant assets to any agent appointed by the Issuer to deliver such assets to the Noteholders; and
- (2) all Events of Default with respect to the Notes, other than the non-payment of the Early Redemption Amounts which have become due solely by such declaration of acceleration, have been cured or waived by the relevant written resolution or resolution as provided above.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

- 10.2 Any default by the Issuer or the Guarantor, other than the events described in General Condition 10.1(i) above, may be waived by the written consent of holders of a majority in aggregate principal amount of the Notes then outstanding affected thereby, or by resolution adopted by a majority in aggregate principal amount of such Notes then outstanding present or represented at a meeting of holders of the Notes affected thereby at which a quorum is present, as provided in the Agency Agreement.

### **11. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

Should any Note or, if applicable, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed it may be replaced, in the case of Bearer Notes, Receipts or Coupons, at the specified office of the Principal Paying Agent or, in the case of Registered Notes, at the specified office of the Registrar (or in any case such other place of which notice shall have been given to the Noteholders in accordance with General Condition 14 (*Notices*) upon payment in any such case by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or, if applicable, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

### **12. AGENTS**

The Issuer is entitled to vary or terminate the appointment of any Agent and/or approve any change in the specified office through which any Agent acts and/or appoint additional or other Agents, provided that:

- (A) there will at all times be a Principal Paying Agent and a Registrar;
- (B) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (C) so long as any of the Registered Global Notes are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in London.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in General Condition 6.5 (*General provisions applicable to payments*). Any variation, termination, appointment or change in relation to any Series of Notes shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders of the relevant Series of Notes in accordance with General Condition 14 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents or, as the case may be, a registrar of the Issuer and the Guarantor, and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor Agent.

## ***General Conditions***

The Issuer undertakes that, it will ensure that it maintains a Paying Agent with a specified office in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26 to 27 November 2000 or any law implementing, or complying with, or introduced in order to conform to, any such Directive, provided that under no circumstances shall the Issuer be obliged to maintain a Paying Agent with a specified office in such Member State unless at least one European Member State does not require a Paying Agent making payments through a specified office in that Member State to so withhold or deduct tax.

The Principal Paying Agent shall have no responsibility for errors or omissions in any calculations and determinations made hereunder, and all such calculations and determinations shall (save in the case of manifest error) be final and binding on the Issuer, the Guarantor, the Paying Agents, the Noteholders, the Receiptholders and the Couponholders.

### **13. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of General Condition 9 (*Prescription*).

### **14. NOTICES**

All notices regarding the Notes will be deemed to be validly given if published in one leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner as the Issuer deems appropriate. Any such notice will be deemed to have been given on the date of such notice.

Until such time as any definitive Notes are issued, notice may be given (so long as any Global Notes representing the Notes are held in their entirety on behalf of DTC, Euroclear and/or Clearstream, Luxembourg (and so long as the rules of any stock exchange on which the Notes are listed, or the rules of any other relevant authority by which the Notes have been admitted to listing, permit)) by delivery of the relevant notice to DTC, Euroclear and/or Clearstream, Luxembourg (instead of by way of publication or mailing) for communication by them to the holders of the Notes provided that, in addition, for so long as any Notes are listed on a stock exchange or admitted to listing by any other relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in a daily newspaper of general circulation in a place or places required by the rules of that stock exchange or other relevant authority. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be.

In the case of definitive Notes, notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, in writing or by facsimile or electronically or in such other manner as the Principal Paying Agent, the Registrar and DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## ***General Conditions***

### **15. SUBSTITUTION**

#### **(a) Substitution of Issuer**

The Issuer (or any previously substituted company from time to time) shall, without the consent of the Noteholders, be entitled at any time to substitute for the Issuer any other company (the "**Substitute**") as principal debtor in respect of all obligations arising from or in connection with the Notes provided that (i) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Notes represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute shall have assumed all obligations arising from or in connection with the Notes and shall have become a party to the Agency Agreement, with any consequential amendments; (iii) the obligations of the Substitute in respect of the Notes shall be unconditionally and irrevocably guaranteed by the Guarantor; (iv) each stock exchange or listing authority on which the Notes are listed shall have confirmed that following the proposed substitution of the Substitute the Notes would continue to be listed on such stock exchange; and (v) the Issuer shall have given at least 14 calendar days' prior notice of the date of such substitution to the Noteholders in accordance with General Condition 14 (*Notices*).

#### **(b) Substitution of Branch**

The Issuer shall have the right upon notice to the Noteholders in accordance with General Conditions 14 (*Notices*) to change the branch or office through which it is acting for the purpose of the Notes, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

### **16. MEETINGS OF NOTEHOLDERS AND MODIFICATIONS**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in Schedule 6 of the Agency Agreement) of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or the Guarantor at any time and shall be convened by the Issuer at the request of Noteholders holding not less than five per cent. (5%) in nominal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing in the aggregate not less than fifty per cent. (50%) in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency in which payments under the Notes, Receipts and Coupons are to be made), the quorum shall be one or more persons holding or representing in the aggregate not less than two-thirds, or at any adjourned such meeting one or more persons holding or representing in the aggregate not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Principal Paying Agent and the Issuer may agree, without the consent or sanction of the Noteholders, Receiptholders or Couponholders to:

- (A) any modification of (except as mentioned above) the provisions of the Notes, the Receipts, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or

## **General Conditions**

- (B) any modification of any of the provisions of these Conditions, the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or is to comply with mandatory provisions of applicable law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with General Condition 14 (*Notices*) as soon as practicable thereafter.

### **17. REDENOMINATION**

#### **17.1 Redenomination**

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders on giving prior notice to the Principal Paying Agent, Euroclear and Clearstream, Luxembourg and at least thirty (30) calendar days' prior notice to the Noteholders in accordance with General Condition 14 (*Notices*) elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (a) the Notes and the Receipts shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Principal Paying Agent, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with General Condition 17.2(d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer (i) in the case of Relevant Notes in the denomination of euro 50,000 and/or such higher amounts as the Agent may determine and notify to the Noteholders and any remaining amounts less than euro 50,000 shall be redeemed by the Issuer and paid to the Noteholders in euro in accordance with Condition 6 (*Payments*); and (ii) in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Principal Paying Agent may approve) euro 0.01 and such other denominations as the Principal Paying Agent shall determine and notify to the Noteholders;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "**Exchange Notice**") that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the

## **General Conditions**

Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

- (e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
  - (i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and
  - (ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding;

- (g) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (h) such other changes shall be made to this Condition as the Issuer may decide, after consultation with the Principal Paying Agent, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.

### **17.2 Definitions**

In the Conditions, the following expressions have the following meanings:

**"Established Rate"** means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**"euro"** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

**"Redenomination Date"** means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of any other Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 17.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

**"Relevant Notes"** means all Notes where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 50,000 and which are admitted to trading on a regulated market in the European Economic Area; and

## ***General Conditions***

"**Treaty**" means the Treaty establishing the European Community, as amended.

### **18. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further Notes having terms and conditions the same as the Notes or the same in all respects save for the issue price and date of issue thereof and the amount and date of the first payment of interest thereon and so as to be consolidated and form a single Series with the outstanding Notes.

### **19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Notes by virtue of the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any kind which exists or is available apart from that Act.

### **20. SEVERABILITY**

Should any of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not be affected in any way.

### **21. GOVERNING LAW**

The Agency Agreement, the Guarantee, the Deed of Covenant, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Guarantee, the Deed of Covenant, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons (including any disputes relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons).

The Issuer and, where applicable, the Guarantor, have in the Agency Agreement, the Guarantee and the Deed of Covenant agreed to the jurisdiction of the English courts.

## ***Currency Technical Annex***

### **CURRENCY TECHNICAL ANNEX**

#### **ADDITIONAL TERMS AND CONDITIONS FOR CURRENCY LINKED NOTES**

*The terms and conditions applicable to Currency Linked Notes shall comprise the General Terms and Conditions of the Notes (the "**General Conditions**") and the additional Terms and Conditions set out below (the "**Currency Linked Conditions**"), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Currency Linked Conditions, the Currency Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Currency Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

*References below to a numbered General Condition are to such numbered section of the General Conditions and references to a numbered Currency Linked Condition are to such numbered section as set out in this Technical Annex. Defined terms used in this Technical Annex where the same term may be used in another Technical Annex (e.g. Valuation Date or Averaging Date) shall have the meanings given in this Technical Annex or in the section of the Final Terms relating to Currency Linked Notes notwithstanding the same terms being used in another Technical Annex.*

#### **1. CURRENCY LINKED NOTES**

##### **(a) Currency Linked Interest Notes**

Unless previously redeemed or purchased and cancelled in accordance with the General Conditions or as specified in the applicable Final Terms and subject to this Currency Technical Annex, each Currency Linked Interest Note will bear interest in the manner specified in, or determined as specified in the applicable Final Terms and the General Conditions.

##### **(b) Currency Linked Redemption Notes**

Unless previously redeemed or purchased and cancelled in accordance with the General Conditions or as specified in the applicable Final Terms and subject to this Currency Technical Annex, each Note will be redeemed by the Issuer at the Final Redemption Amount specified in, or determined in the manner specified in the applicable Final Terms on the Maturity Date.

If Maturity Date Extension is specified as applying in the applicable Final Terms then, if the last occurring Valuation Date or last occurring Averaging Date has not occurred on or prior to the second (2nd) FX Business Day preceding the Scheduled Maturity Date, the Maturity Date shall be postponed and shall occur on the third (3rd) FX Business Day following (i) the last occurring Valuation Date or (ii) last occurring Averaging Date.

#### **2. FX MARKET DISRUPTION EVENT**

If, in the determination of the Calculation Agent, as of any Valuation Date or Averaging Date an FX Market Disruption Event occurs in respect of any Specified Rate, the relevant Specified Rate in relation to such Valuation Date or Averaging Date shall be determined as provided in the definition of Valuation Date or Averaging Date, as applicable.

#### **3. ADDITIONAL DISRUPTION EVENTS AND CURRENCY DISRUPTION EVENTS**

If, in the determination of the Calculation Agent, on or prior to any Valuation Date or Averaging Date an Additional Disruption Event or Currency Disruption Event occurs, the Calculation Agent may:

- (a) determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any provision of the Conditions and/or the applicable Final Terms including, without limitation any amount payable by the Issuer pursuant to Currency Linked Conditions 1(a) and (b), as applicable,



## *Currency Technical Annex*

and/or any other terms of the Conditions and/or the applicable Final Terms to account for such Additional Disruption Event or Currency Disruption Event, and determine the effective date of that adjustment; or

- (b) give notice to Noteholders in accordance with General Condition 14 (*Notices*) and redeem all, but not some only, of the Notes, at the Early Redemption Amount and payment will be made in such manner as shall be notified to Noteholders; or
- (c) give notice to the Noteholders in accordance with General Condition 14 (*Notices*) and designate the Notes as "**Suspended Notes**", giving notice of the effective date thereof (the "**Suspension Date**"). The Issuer shall have no obligation to make any payment or perform any other obligation in respect of the Notes while the Notes are Suspended Notes and, subject as provided below, any such payment or other performance shall be postponed to no later than the tenth (10th) Business Day following the Cessation Date (as defined below). No additional interest or any other payment or compensation shall be due to Noteholders as a result of any such delay. The Notes shall remain Suspended Notes until the relevant Additional Disruption Event or Currency Disruption Event ceases to exist and the Issuer notifies the cessation of such Additional Disruption Event or Currency Disruption Event to Noteholders in accordance with General Condition 14 (*Notices*) (the effective date of such notification the "**Cessation Date**") provided that if in the determination of the Calculation Agent the relevant Additional Disruption Event or Currency Disruption Event continues to exist on the second (2nd) anniversary of the Suspension Date (the "**Suspension Cut-Off Date**"), the Suspended Notes shall expire worthless and shall be cancelled by the Issuer in which case all obligations of the Issuer to the Noteholders in respect of the Notes shall be discharged and the Noteholders shall have no further recourse to the Issuer in respect of the Notes.

Without prejudice to the foregoing, following any Cessation Date the Issuer may require the Calculation Agent to determine in its sole and absolute discretion, any adjustment to any amount payable pursuant to Currency Linked Conditions 1(a) and 1(b) of this Currency Technical Annex and/or any other terms of these Currency Linked Conditions and/or the applicable Final Terms as necessary or appropriate in order to determine any such amounts or other obligations due or to be performed in respect of the Notes, taking into account, without limitation, the occurrence of the relevant Additional Disruption Event or Currency Disruption Event and the effect of any delay pursuant to this paragraph.

In the case of Physical Delivery Notes, if delivery of any assets is made later than the originally scheduled due date for delivery as a result of the occurrence of a Additional Disruption Event or Currency Disruption Event, until delivery is made to the Noteholders, none of the Issuer, the Guarantor, the Calculation Agent, any Agent or any other person shall at any time (i) be under any obligation to deliver or procure delivery to the Noteholders or any subsequent transferee any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in respect of such assets, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such assets or (iii) be under any liability to the Noteholders or any subsequent transferee in respect of any loss or damage which the Noteholders or subsequent transferees may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such assets until the date of delivery.

#### 4. **DEFINITIONS**

**"Additional Disruption Event"** means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Force Majeure Event, Special Taxation Event and/or any other Additional Disruption Event specified in the applicable Final Terms.

**"Affiliate"** means in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or

## *Currency Technical Annex*

indirectly under common control with the First Entity. For these purposes "**control**" means ownership of a majority of the voting power of an entity or, if the Calculation Agent determines appropriate, the power to direct or cause the direction of the management and policies of such entity, whether by contract or otherwise.

"**Averaging Date**" means, in relation to any Specified Rate, each date specified as such in relation to such Specified Rate in the applicable Final Terms, or, if any such date is not an FX Business Day, the relevant Averaging Date shall (i) in the case of a Specified Rate which is determined by reference to an NDF Currency, be the immediately preceding FX Business Day, *provided however*, that, in the event of the originally scheduled Averaging Date being an Unscheduled Holiday, the Averaging Date shall be the immediately succeeding FX Business Day and (ii) in the case of a Specified Rate which is not determined by reference to an NDF Currency, be the immediately succeeding FX Business Day unless, in each case, in the opinion of the Calculation Agent, such relevant Averaging Date is a Disrupted Day in relation to any Specified Rate. If such relevant Averaging Date is a Disrupted Day, then in relation to each Specified Rate not affected by an FX Market Disruption Event the Averaging Date shall be the Scheduled Averaging Date and in relation to each Specified Rate affected by an FX Market Disruption Event:

- (a) If "**Omission**" is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Specified Rate provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant rate on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if "**Postponement**" is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant rate on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if "**Modified Postponement**" is specified as applying in the applicable Final Terms then the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for a number of consecutive FX Business Days (with respect to a Specified Rate which is determined by reference to an NDF Currency) or consecutive calendar days (with respect to a Specified Rate which is not determined by reference to an NDF Currency) equal to (i) in the case of a Specified Rate which is not determined by reference to an NDF Currency, the Specified Maximum Days of Disruption or (ii) in the case of a Specified Rate which is determined by reference to an NDF Currency the Specified NDF Maximum Days of Disruption, in each case immediately following the Scheduled Averaging Date, then:
  - (A)
    - (x) in the case of a Specified Rate which is not determined by reference to an NDF Currency, that last such consecutive FX Business Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive FX Business Day is already an Averaging Date); and
    - (y) in the case of a Specified Rate which is determined by reference to an NDF Currency, the first FX Business Day immediately following that last consecutive calendar day, shall be deemed to be the Averaging Date (irrespective of whether that FX Business Day is already an Averaging Date); and
  - (B) the Calculation Agent shall determine the relevant rate for that Averaging Date in accordance with:
    - (x) in the case of a Specified Rate which is not determined by reference to an NDF Currency, sub-paragraph (a)(ii) in of the definition of "Valuation Date" below; or

## *Currency Technical Annex*

- (y) in the case of a Specified Rate which is determined by reference to an NDF Currency, sub-paragraph (b)(ii) in of the definition of "Valuation Date" below.

For the purposes of these Currency Linked Conditions "**Valid Date**" means an any FX Business Day (in the case of a Specified Rate which is not determined by reference to an NDF Currency) or calendar day (in the case of a Specified Rate which is determined by reference to an NDF Currency) that in each case is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur;

"**Bloomberg Screen**" shall mean, when used in connection with any designated page, specified in the applicable Final Terms, the display page so designated on the Bloomberg service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, in all cases for the purpose of displaying comparable rates in succession thereto).

"**Change in Law**" means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the enactment, promulgation, execution, ratification or adoption of, or any change in or amendment to, any rule, law, regulation or statute (or in the applicability or interpretation of any rule, law, regulation or statute by any court, tribunal or regulatory authority with competent jurisdiction) or the issuance of any order or decree, or any action taken by a taxing authority, the Issuer determines in its sole and absolute discretion that it has become illegal or not reasonably practicable for any Hedging Party to hold, acquire or dispose of relevant hedge positions relating to any Reference Currency, the Specified Currency or other relevant currency(ies) in relation to the Notes.

"**Currency Disruption Event**" means any of:

- (a) "**General Inconvertibility**", being the occurrence of any event that, from a legal or practical perspective, generally makes it impossible or not reasonably practicable to (i) convert the Local Currency into the Specified Currency or (ii) to convert the relevant Reference Currencies for the purpose of determining the Specified Rate, in any relevant jurisdiction through customary legal channels;
- (b) "**Specific Inconvertibility**", being the occurrence of any event that, from a legal or practical perspective, has the direct or indirect effect of hindering, limiting, restricting, making it impossible or not reasonably practicable for any Hedging Party to convert the whole, or part thereof, (i) of any relevant amount in the Local Currency into the Specified Currency or (ii) of any relevant Reference Currencies for the purpose of determining the Specified Rate, in any relevant jurisdiction, (including, without limitation, by reason of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on the repatriation of either (i) the Local Currency into the Specified Currency or (ii) any relevant Reference Currencies for the purpose of determining the Specified Rate) other than where such impossibility or impracticality is due solely to the failure by such Hedging Party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible or not reasonably practicable for such Hedging Party, due to an event beyond its control, to comply with such law, rule or regulation);
- (c) "**General Non-Transferability**", being the occurrence of any event that generally makes it impossible or not reasonably practicable to deliver (a) the Specified Currency from accounts inside any relevant jurisdiction to accounts outside such relevant jurisdiction or (b) the Local Currency between accounts inside the relevant jurisdiction or to a party that is a non-resident of such relevant jurisdiction;
- (d) "**Specific Non-Transferability**", being the occurrence of any event that, from a legal or practical perspective, has the direct or indirect effect of hindering, limiting, restricting, making it impossible or not reasonably practicable for any Hedging Party to deliver (a) the Local Currency from accounts

## *Currency Technical Annex*

inside any relevant jurisdiction to accounts outside such relevant jurisdiction or (b) the Local Currency between accounts inside any relevant jurisdiction or to a party that is a non-resident of such relevant jurisdiction (including, without limitation, by reason of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on the repatriation of the Local Currency into the Specified Currency), other than where such impossibility or impracticality is due solely to the failure by such Hedging Party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible or not reasonably practicable for such Hedging Party, due to an event beyond its control, to comply with such law, rule or regulation);

- (e) "**Nationalisation**", being any expropriation, confiscation, requisition, nationalisation or other action is taken by a Governmental Authority which deprives any Hedging Party of all or substantially all of its assets in any relevant jurisdiction; and/or
- (f) "**Dual Exchange Rate**", being the occurrence of an event that splits any rate referred to in the definition of any applicable Specified Rate into dual or multiple currency exchange rates.

"**Currency Reference Dealers**" shall mean at any relevant time up to five dealers in the currency and foreign exchange markets, as selected by the Calculation Agent at such time, in its sole and absolute discretion.

"**Currency Reference Dealer Quotation**" shall mean, in relation to any FX Business Day and a relevant Specified Rate, a rate determined on the basis of five currency or foreign exchange rate quotations requested by the Calculation Agent at or about the Valuation Time on such FX Business Day from five Currency Reference Dealers expressed on the same basis as such Specified Rate in accordance with the following:

- (a) After disregarding the highest and lowest quotation provided by the Currency Reference Dealers (provided that, if two or more such quotations are the highest such quotations, then only one of such quotations shall be disregarded and if two or more such quotations are the lowest quotations then only one of such lowest quotations shall be disregarded), the applicable Currency Reference Dealer Quotation shall be determined by the Calculation Agent as the arithmetic mean (rounded to the nearest five decimal places, 0.000005 being rounded upwards) of the remaining three such quotations for such rate; or
- (b) If only four such quotations are provided as requested, (after disregarding the highest and lowest such quotations in the manner described above), the applicable Currency Reference Dealer Quotation shall be the arithmetic mean of the remaining two quotations for such rate (rounded as described above) as determined by the Calculation Agent; or
- (c) If only three or two quotations are provided as requested, the applicable Currency Reference Dealer Quotation shall be the arithmetic mean of such quotations (rounded as described above) as determined by the Calculation Agent; or
- (d) If only one or no such quotation is provided as requested, no applicable Currency Reference Dealer Quotation shall be determined.

"**Disrupted Day**" means:

- (i) any day on which an FX Market Disruption Event exists or has occurred; or
- (ii) with respect to an NDF Currency only, any relevant day on which an Unscheduled Holiday occurs.

"**Force Majeure Event**" means the occurrence, as determined in the sole and absolute discretion of the Calculation Agent, of an event resulting in the Calculation Agent being unable to make any determination under the Notes, including being unable to determine any amount, rate, level or other variable necessary to

## *Currency Technical Annex*

determine any payment due under the Notes as a result of market conditions, including, but not limited to, acts of God, riots, civil commotion, insurrections, wars, actions of foreign or local governmental agencies, breakdowns in telecommunications or other electronic communication, blockades, boycotts, strikes, lockouts, industrial actions of whatever nature, bomb threats or terrorist actions or any other causes beyond its control.

**"FX Business Day"** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) or, but for an FX Market Disruption Event, would have settled payments and been open in such manner in each of the Principal Financial Centres specified in the applicable Final Terms.

**"FX Market Disruption Event"** means any FX Price Source Disruption and/or FX Trading Suspension or Limitation and/or any other event specified as such in the applicable Final Terms.

**"FX Price Source"** shall mean the information source(s) specified as such for the relevant Specified Rate in the applicable Final Terms.

**"FX Price Source Disruption"** means it becomes impossible or not reasonably practicable to obtain or determine a relevant Specified Rate by reference to a relevant FX Price Source.

**"FX Trading Suspension or Limitation"** means the suspension of and/or limitation of trading in any relevant market for the determination of a Specified Rate (which may be, without limitation, any over-the-counter or quotation-based market, whether regulated or unregulated) if, in any such case, such suspension or limitation is, in the determination of the Calculation Agent, material.

**"Governmental Authority"** means (i) any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or (ii) any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in each case in any relevant jurisdiction.

**"Hedging Disruption"** means that any Hedging Party is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk, including but not limited to the currency risk, of the Issuer issuing and performing its obligations with respect to the Notes, or (B) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

**"Hedging Party"** means the Issuer and/or any Affiliate and/or any other party which conducts hedging arrangements in respect of the Issuer's obligations in respect of the Notes from time to time.

**"Increased Cost of Hedging"** means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Local Currency"** means, in relation to General Inconvertibility, Specific Inconvertibility, General Non-Transferability, Specific Non-Transferability or Special Taxation Event, the currency specified as such in relation to such event in the applicable Final Terms and any successor currency as determined by the Calculation Agent.

**"NDF Currency"** shall mean each relevant currency specified as such in the applicable Final Terms.

**"Principal Financial Centre"** means the relevant financial centre(s) specified as such in the applicable Final Terms.

## *Currency Technical Annex*

**"Reference Currency"** shall mean each relevant currency specified as such in the applicable Final Terms.

**"Reuters Screen"** shall mean, when used in connection with any designated page, specified in the applicable Final Terms, the display page so designated on the Reuters Money Market Rate Services or such other services or service as may be nominated as the information vendor for the purpose of displaying the specific page on that service or such other page as may replace that page on that service or such other service, in all cases for the purpose of displaying comparable rates in succession thereto.

**"Scheduled Averaging Date"** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Averaging Date.

**"Scheduled Valuation Date"** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**"Screen Page"** means the page specified in the applicable Final Terms, or any successor page or service thereto.

**"Special Taxation Event"** means the occurrence, in the sole and absolute determination of the Calculation Agent of one or more of the following:

- (a) (i) the enactment, promulgation, execution, ratification or adoption of, or any change in or amendment to, any rule, law, regulation or statute (or in the applicability or official interpretation of any rule, law, regulation or statute) by any Governmental Authority, (ii) the issuance of any order or decree by any Governmental Authority, (iii) any action being taken by a taxing authority in a relevant jurisdiction, or (iv) the occurrence of any other act or event at any time relating to withholding or deduction for or on account of tax in relation to any Reference Currency specified in the applicable Final Terms, which (in the case of (i), (ii), (iii) or (iv) above) will (or there is a substantial likelihood that it will) adversely affect the economic value of the Notes;
- (b) the imposition of taxes on the transfer of any Local Currency or Reference Currency or any other currency out of any relevant jurisdiction; or
- (c) the imposition of any taxes on any conversion of any Local Currency into another currency.

**"Specified Maximum Days of Disruption"** means eight (8) FX Business Days or such other number of FX Business Days in the period from (but excluding) the Scheduled Valuation Date or Scheduled Averaging Date, as applicable, to (but excluding) the second (2nd) FX Business Day prior to any due date for any payment under the Notes for which valuation on the relevant Valuation Date or Averaging Date is relevant.

**"Specified NDF Maximum Days of Disruption"** means the maximum number of calendar days of postponement of the Scheduled Valuation Date or Scheduled Averaging Date, as applicable, as specified in the applicable Final Terms or, if shorter, such number of calendar days ending on (but excluding) the second (2) FX Business Day prior to any due date for any payment under the Notes for which valuation on the relevant Valuation Date or Averaging Date is relevant, all as determined by the Calculation Agent.

**"Specified Rate"** means, in relation to any Valuation Date or Averaging Date, each relevant currency or foreign exchange rate in relation to such Valuation Date or Averaging Date, as specified in the applicable Final Terms.

**"Unscheduled Holiday"** shall have the meaning specified in the applicable Final Terms;

**"Valuation Date"** means, in relation to any Specified Rate, each date specified as such in relation to such Specified Rate in the applicable Final Terms, or, if any such Valuation Date is not an FX Business Day, the relevant Valuation Date shall (i) in the case of a Specified Rate which is determined by reference to an NDF

## *Currency Technical Annex*

Currency, be the immediately preceding FX Business Day, *provided however*, that, in the event of the originally scheduled Valuation Date being an Unscheduled Holiday, the Valuation Date shall be the immediately succeeding FX Business Day and (ii) in the case of a Specified Rate which is not determined by reference to an NDF Currency, be the immediately succeeding FX Business Day unless, in each case, in the opinion of the Calculation Agent, such relevant Valuation Date is a Disrupted Day in relation to any Specified Rate. If such relevant Valuation Date is a Disrupted Day, then in relation to each Specified Rate not affected by an FX Market Disruption Event the Valuation Date shall be the Scheduled Valuation Date and in relation to each Specified Rate affected by an FX Market Disruption Event:

- (a) in the case of a Specified Rate which is not determined by reference to an NDF Currency, the relevant Valuation Date shall be the first succeeding FX Business Day that is not a Disrupted Day, unless each of the number of consecutive FX Business Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case:
  - (i) the last such consecutive FX Business Day shall be deemed to be the relevant Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
  - (ii) the Calculation Agent shall determine the relevant Specified Rate as:
    - (A) the Currency Reference Dealer Quotation for the last such consecutive FX Business Day for the relevant Specified Rate; or
    - (B) if only one or no quotations are provided by the Currency Reference Dealers for the last such consecutive FX Business Day or if it is not reasonably practicable for the Calculation Agent to request quotations from the Currency Reference Dealers for any reason, the relevant Specified Rate shall be determined by the Calculation Agent as of the Valuation Time on the last such consecutive FX Business Day as its good faith estimate of the Specified Rate which would have prevailed at such time but for the provisions of this sub-paragraph (a)(ii) applying by reference to such source(s) as it may determine appropriate and taking into account the unavailability of the relevant FX Price Source and market quotations at such time; or
- (b) in the case of a Specified Rate which is determined by reference to an NDF Currency, the relevant Valuation Date shall be the first succeeding calendar day that is not a Disrupted Day, unless each of the number of consecutive calendar days equal to the Specified NDF Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case:
  - (i) the FX Business Day immediately following such last consecutive calendar day shall be deemed to be the relevant Valuation Date, notwithstanding the fact that such day may be a Disrupted Day; and
  - (ii) the Calculation Agent shall determine the relevant Specified Rate as of the Valuation Time on such FX Business Day (x) as the Specified Rate determined on the basis of the Second Fallback FX Price Source, if any, being the FX Price Source or, if no such Second Fallback FX Price Source applies or if it applies but is unavailable or otherwise not reasonably practicable to use, (y) as its good faith estimate of the Specified Rate which would have prevailed at such time but for the provisions of this sub-paragraph (b)(ii) applying by reference to such source(s) as it may determine appropriate and taking into account any FX Market Disruption Event at such time.

**"Valuation Time"** shall mean, in relation to a Specified Rate the relevant time specified for such Specified Rate in the applicable Final Terms.

## *Equity Technical Annex*

### EQUITY TECHNICAL ANNEX

#### ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

*The terms and conditions applicable to Equity Linked Notes shall comprise the General Terms and Conditions of the Notes (the "**General Conditions**") and the additional Terms and Conditions set out below (the "**Equity Linked Conditions**") and, together with the General Conditions, the "**Conditions**", in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Equity Linked Conditions, the Equity Linked Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Equity Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

References below to a numbered General Condition are to such numbered section of the General Conditions and references to a numbered Equity Linked Condition are to such numbered section as set out in this Technical Annex.

Defined terms used in this Technical Annex where the same term may be used in another Technical Annex (e.g. Valuation Date) shall have the meanings given in this Technical Annex or in the section of the Final Terms relating to Equity Linked Notes.

#### 1. EQUITY LINKED NOTES

##### (a) **Equity Linked Interest Notes**

Unless previously redeemed or purchased and cancelled in accordance with the General Conditions or as specified in the applicable Final Terms and subject to this Equity Technical Annex, each Equity Linked Interest Note will bear interest in the manner specified in the applicable Final Terms and the General Conditions.

##### (b) **Equity Linked Redemption Notes**

Unless previously redeemed or purchased and cancelled, each Note will be redeemed by the Issuer (A) if Cash Settlement is specified in the applicable Final Terms, by payment of the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms on the Maturity Date or (B) if Physical Delivery is specified in the applicable Final Terms by delivery of the Asset Amount on the Maturity Date (subject as provided below) or (C) if Cash Settlement and/or Physical Delivery is specified in the applicable Final Terms, by payment of the Final Redemption Amount and/or by delivery of the Asset Amount on the terms set out in the applicable Final Terms, in each case on the Maturity Date (subject as provided below).

#### 2. DEPOSITARY RECEIPTS

##### (a) **Application of Depositary Receipt provisions**

If "Depositary Receipt provisions" are specified as applicable in the applicable Final Terms, for the purposes of these Equity Linked Conditions:

- (i) references to "**Share**" or "**Shares**" shall be deemed to include an ordinary share or ordinary shares or other relevant equity securities, as the case may be, of the Share Company to which the relevant Depositary Receipts specified in the applicable Final Terms relate;
- (ii) references to "**Exchange**" shall, in the context of the ordinary shares or other relevant equity securities of the Share Company, be deemed to be references to the Share Exchange specified in the applicable Final Terms;



## *Equity Technical Annex*

- (iii) references to "**Share Company**" shall, in the context of a Depositary Receipt, be deemed to include references to the issuer or obligor of the Depositary Receipts;
- (iv) with respect to Depositary Receipts only, the following additional event shall constitute a Potential Adjustment Event for the purposes of Equity Linked Condition 4:  
  
"a distribution in respect of the Shares of property other than cash, shares or rights relating to any Shares to the holder(s) of the Shares;" and
- (v) with respect to Depositary Receipts only, the following events shall constitute Additional Disruption Events for the purposes of Equity Linked Condition 7:
  - (A) a Termination; and
  - (B) an Adjustment Event.

### (b) **Definitions specific to Depositary Receipts**

"**Adjustment Event**" means (a) the terms and conditions of the Depositary Receipts have been altered or any adjustment or modification has been made pursuant to such terms and conditions (in each case whether by the Share Company or any party having influence over such terms and conditions) or the Depositary Receipts converted into other securities and/or (b) the aggregate amounts (or currency thereof) to which a holder is entitled under the Depositary Receipts are altered.

"**Depositary Receipt**" means a depositary receipt relating to ordinary shares or other relevant equity securities issued by a Share Company, as specified in the applicable Final Terms, subject to adjustment pursuant to the provisions specified in Equity Linked Conditions 4, 5 and 7.

"**Termination**" means, in relation to an issue of Depositary Receipts, such issue has been terminated, cancelled or otherwise ceased to be outstanding for any reason. This shall include, without limitation, the termination of the deposit agreement in respect of the Shares and/or written instructions being given by the Share Company to the depository of the Shares to withdraw or surrender the Shares.

### 3. **MARKET DISRUPTION**

"**Market Disruption Event**" means, in relation to Notes relating to a single Share or a basket of Shares, in respect of a Share, the occurrence or existence of (a) a Trading Disruption, (b) an Exchange Disruption, which in either case the Calculation Agent in its sole and absolute discretion, determines is material, at any time during the one hour period that ends at the relevant Valuation Time, or (c) an Early Closure.

The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with General Condition 14 (*Notices*) of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date or a Valuation Date.

### 4. **POTENTIAL ADJUSTMENT EVENTS**

"**Potential Adjustment Event**" means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event or, if Tender Offer is specified as applying in the applicable Final Terms, a Tender Offer) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;

## *Equity Technical Annex*

- (b) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company or Share Company, as the case may be, equally or proportionately with such payments to holders of such Shares or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Company or Share Company, as the case may be, as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or certificates or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an Extraordinary Dividend (as defined in Equity Linked Condition 8) as determined by the Calculation Agent;
- (d) a call by a Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;
- (e) a repurchase by the Basket Company or its subsidiaries or Share Company or its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of a Basket Company or Share Company, as the case may be, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Basket Company or Share Company, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, certificates, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (g) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

Following the declaration by the Basket Company or Share Company, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery Notes) and/or any of the other terms of the Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and (ii) determine the effective date of that adjustment. In its determinations of the existence and extent of any dilutive or concentrative effect on the theoretical value of the Shares relating to any Potential Adjustment Event, and any related adjustments to the terms of the Notes, the Calculation Agent may take into account any amounts of Local Taxes that would, in the determination of the Calculation Agent, be withheld from or paid or otherwise incurred by an Offshore Investor in connection with such Potential Adjustment Event. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall give notice as soon as reasonably practicable under the circumstances to (i) the Issuer and the Principal Paying Agent and (ii) the Noteholders in accordance with General Condition 14 (*Notices*), stating the adjustment to any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery Notes) and/or any of the other terms of the Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment

## *Equity Technical Annex*

Event, *provided that* any failure to give, or non-receipt of, such notice will not affect the validity of the Potential Adjustment Event.

### 5. EXTRAORDINARY EVENTS

#### (a) Definitions applicable to Extraordinary Events

As used herein:

**"Additional Extraordinary Event"** means any of a De-Merger, a Participation Event or any other event but in each only if specified as applicable in the applicable Final Terms;

**"De-Listing"** means, in respect of any relevant Shares, the relevant Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or, if Tender Offer is specified as applying in the applicable Final Terms, a Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union);

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Basket Company or Share Company, as the case may be, (i) all the Shares of that Basket Company or Share Company, as the case may be, are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Basket Company or Share Company, as the case may be, become legally prohibited from transferring them;

**"Merger Date"** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent;

**"Merger Event"** means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Basket Company or Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Basket Company or Share Company, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its subsidiaries or the Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before (1) in the case of Cash Settled Notes, the last occurring Valuation Date or where Averaging is specified in the applicable Final Terms, the final Averaging Date or (2) in the case of Physical Delivery Notes, the relevant Maturity Date;

**"Nationalisation"** means that all the Shares or all or substantially all the assets of the Basket Company or Share Company, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;

**"Tender Offer"** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right

## *Equity Technical Annex*

to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Basket Company or Share Company, as the case may be, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant; and

**"Tender Offer Date"** means, in respect of a Tender Offer, the date on which the voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained, as determined by the Calculation Agent,

and each of the above events, together with any other events specified as such in the applicable Final Terms, is an **"Extraordinary Event"**, provided that a Tender Offer shall only be an Extraordinary Event if specified as applicable in the applicable Final Terms.

As used herein:

**"De-Merger"** means, in respect of any relevant Shares, that the Basket Company or Share Company, as the case may be, is affected by a de-merger including, without limitation, a spin off, scission or any operation of a similar nature; and

**"Participation Event"** means that a Basket Company takes a stake exceeding 20.00 per cent. of another separate Basket Company comprised within the same basket of Shares;

### (b) **Consequences of an Extraordinary Event**

If any Extraordinary Event occurs in relation to a Share, the Issuer in its sole and absolute discretion may take the action described in (i), (ii), or (iii) below:

- (i) require the Calculation Agent to determine, in its sole and absolute discretion, the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery Notes) and/or any of the other terms of the Conditions and/or the applicable Final Terms to account for such Extraordinary Event, as the case may be, and determine the effective date of that adjustment. The relevant adjustments may include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Notes, or selecting a replacement share and making any relevant adjustments in relation thereto. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Extraordinary Event made by any options exchange to options on the Shares traded on that options exchange and the Calculation Agent may take into account any amounts of Local Taxes that would, in the determination of the Calculation Agent, be withheld from or paid or otherwise incurred by an Offshore Investor in connection with such Extraordinary Event; or
- (ii) where the Notes relate to a basket of Shares, on giving notice to Noteholders in accordance with General Condition 14 (*Notices*), redeem or cancel, as the case may be, each Note in part. If a Note is so redeemed or cancelled in part the portion (the **"Partial Amount"**) of each such Note representing the affected Share(s) shall be redeemed or cancelled, as the case may be, and the Issuer will (x) pay to each Noteholder in respect of each Note held by him an amount equal to the fair market value of the Partial Amount, taking into account the relevant Extraordinary Event less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion; and (y) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the terms of the Conditions and/or the applicable Final Terms to account for such redemption or cancellation in part. For the avoidance of doubt the remaining part of each such Note after redemption or cancellation and adjustment shall remain outstanding with full force and effect (if applicable, as so

## *Equity Technical Annex*

- adjusted). Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 14 (*Notices*); or
- (iii) on giving notice to Noteholders in accordance with General Condition 14 (*Notices*), redeem all but not some only of the Notes, each Note being redeemed at the Early Redemption Amount which shall be determined by taking into account the relevant Extraordinary Event all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 14 (*Notices*); or
- (iv) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the "**Options Exchange**"), require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery Notes) and/or any of the other terms of the Conditions and/or the applicable Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery Notes) and/or any of the other terms of the Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for such Extraordinary Event, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded; or
- (v) if the applicable Final Terms provide that "Share Substitution" is applicable, then on or after the relevant Merger Date, Tender Offer Date, or such other appropriate date (taking into account the Extraordinary Event) as the Calculation Agent may select, the Calculation Agent may adjust the terms of the Conditions and/or the applicable Final Terms to include a share selected by it in accordance with the criteria for share selection set out below (the "**Substitute Shares**") in place of the Share(s) (the "**Affected Share(s)**") which are affected by the relevant Extraordinary Event and the Substitute Shares will be deemed to be "**Shares**" and the relevant issuer of such shares, a "**Share Company**" or a "**Basket Company**" for the purposes of the Notes, and the Calculation Agent will make such adjustment, if any, to the Relevant Asset, the Asset Amount, any weighting applied to the Substitute Shares, any of the terms of the Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate and shall determine the effective date (the "**Substitution Date**") for such substitution, provided that in the event that any amount payable under the Notes was to be determined by reference to an initial price or value of the Affected Share (the "**Initial Price**"), and unless the Calculation Agent determines this would be inappropriate (in which case, the Calculation Agent may select such other methodology as it determines appropriate), the Initial Price of each Substitute Share will be determined by the Calculation Agent in accordance with the following formula;

$$\text{Initial Price} = A \times (B / C)$$

*Where:*

"A" is the official closing price of the relevant Substitute Share on the relevant Exchange on the Substitution Date;

"B" is the Initial Price of the relevant Affected Share; and

"C" is the official closing price of the relevant Affected Share on the relevant Exchange on the Substitution Date.

## *Equity Technical Annex*

Such substitution and the relevant adjustment to the basket of Shares will be deemed to be effective as of the date selected by the Calculation Agent (the "**Substitution Date**") in its sole and absolute discretion and specified in the notice referred to in the final paragraph of this Equity Linked Condition 5 below which may, but need not, be the Merger Date or Tender Offer Date or the date of such Extraordinary Event, as applicable.

Unless the Calculation Agent determines this would be inappropriate (in which case, the Calculation Agent may select such other methodology as it determines appropriate), the weighting of each Substitute Share will be equal to the weighting of the relevant Affected Share.

In order to be selected as a Substitute Share, the relevant share must be a share which, in the sole and absolute discretion of the Calculation Agent:

1. is not already comprised in the basket of Shares;
2. the relevant issuer in respect of which belongs to a similar economic sector as the Share Company or Basket Company in respect of the Affected Share; and
3. the relevant issuer in respect of which is of comparable market capitalisation, international standing and exposure as the Share Company or Basket Company in respect of the Affected Share ignoring for this purpose the occurrence of the relevant Merger Event, Tender Offer or Extraordinary Event.

Upon the occurrence of an Extraordinary Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 14 (*Notices*) stating the occurrence of the Extraordinary Event giving details thereof and the action proposed to be taken in relation thereto, *provided that* any failure to give, or non-receipt of, such notice will not affect the validity of the Extraordinary Event or the proposed action.

### **6. CORRECTION OF SHARE PRICE**

With the exception of any corrections published after the day which is three (3) Exchange Business Days prior to the Maturity Date, if the price of the relevant Share published on a given day and used or to be used by the Calculation Agent to make any determination under the Notes, is subsequently corrected and the correction published by the relevant Exchange within one Settlement Cycle after the original publication, the Calculation Agent may make any adjustments to the Conditions and/or adjust any subsequent payments under the Notes, as it may determine appropriate to take into account such correction(s). The price to be used shall be the price of the relevant Share as so corrected. Corrections published after the day which is three (3) Exchange Business Days prior to a due date for payment under the Notes calculated by reference to the price of a Share, will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

### **7. ADDITIONAL DISRUPTION EVENTS**

"**Additional Disruption Event**" means any of Analogous Event, Change of Law, Currency Event, Failure to Deliver, Force Majeure Event, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing, Jurisdiction Event, Loss of Stock Borrow, Stop-Loss Event (but, in the case of a Stop-Loss Event, only if specified as applicable in the applicable Final Terms) and/or any other event specified as such in the applicable Final Terms and/or, if applicable pursuant to Equity Linked Condition 2, a Termination or an Adjustment Event.

## *Equity Technical Annex*

- (a) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i), or (ii) below:
- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery Notes) and/or any of the other terms of the Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment. Without limitation, the Calculation Agent may take into account any amounts of Local Taxes that would, in the determination of the Calculation Agent, be withheld from or paid or otherwise incurred by an Offshore Investor in connection with such Additional Disruption Event; or
  - (ii) redeem the Notes by giving notice to the Noteholders in accordance with General Condition 14 (*Notices*). If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the Early Redemption Amount, determined by taking into account the Additional Disruption Event. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 14 (*Notices*).
- (b) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 14 (*Notices*) stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Extraordinary Event or the proposed action.

## 8. DEFINITIONS RELATING TO DIVIDENDS

The following definitions may be used in connection with Equity Linked Notes if so specified in the applicable Final Terms:

**"Currency Business Day"** means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for the relevant currency. In respect of any relevant amount in euro, any day on which the TARGET2 System is open.

**"Dividend Amount"** means, in respect of the relevant Share, the related Dividend Period and the related Dividend Payment Date, the Record Amount, the Ex Amount or the Paid Amount, as specified in the applicable Final Terms or any other amount determined as provided in the applicable Final Terms, or included as part of an adjustment pursuant to Equity Linked Condition 4.

**"Dividend Payment Date"** means, in respect of a Dividend Period, each date specified or otherwise determined as provided in the applicable Final Terms or, if such date is not a Currency Business Day, the next following Currency Business Day. If no such date is specified in the applicable Final Terms the Dividend Payment Date shall be the Interest Payment Date relating to the Dividend Period.

**"Dividend Period"** means, the First Period or the Second Period, as specified in the applicable Final Terms, or such other period determined as provided in the applicable Final Terms. If no Dividend Period is specified in the applicable Final Terms, the Dividend Period will be the Second Period.

**"Ex Amount"** means, in relation to a Dividend Amount, 100 per cent. of the gross cash dividend per Share declared by the Share Company or Basket Company to holders of record of a Share where the date that the Shares have commenced trading ex-dividend on the Exchange occurs during the relevant Dividend Period.

## *Equity Technical Annex*

**"Excess Dividend Amount"** means, in respect of a Dividend Period, the Extraordinary Dividend Record Amount, the Extraordinary Dividend Ex Amount or the Extraordinary Dividend Paid Amount, as specified in the applicable Final Terms, or any other amount determined as provided in the applicable Final Terms.

**"Extraordinary Dividend"** means an amount per Share specified or otherwise determined as provided in the applicable Final Terms. If no Extraordinary Dividend is specified in or otherwise determined as provided in the applicable Final Terms, the characterisation of a dividend or portion thereof as an Extraordinary Dividend shall be determined by the Calculation Agent acting in its sole and absolute discretion.

**"Extraordinary Dividend Ex Amount"** means, in relation to an Excess Dividend Amount, 100 per cent. of the Extraordinary Dividend per Share declared by the Share Company or Basket Company to holders of record of a Share where the date that the Shares have commenced trading ex-dividend on the relevant Exchange occurs during the relevant Dividend Period.

**"Extraordinary Dividend Paid Amount"** means, in relation to an Excess Dividend Amount 100 per cent. of the Extraordinary Dividend per Share paid by the Share Company or Basket Company during the relevant Dividend Period to holders of record of a Share.

**"Extraordinary Dividend Record Amount"** means, in relation to an Excess Dividend Amount 100 per cent. of the Extraordinary Dividend per Share declared by the Share Company or Basket Company to holders of record of a Share on any record date occurring during the relevant Dividend Period.

**"First Period"** means each period from, and including, one Interest Payment Date to, but excluding, the next following Interest Payment Date, except that (i) the initial Dividend Period will commence on, and include, the Clearance System Business Day that is one Settlement Cycle following the Trade Date and (ii) the final Dividend Period will end on, but exclude, the final Interest Payment Date.

**"Paid Amount"** means, in relation to a Dividend Amount, 100 per cent. of the gross cash dividend per Share paid by the Share Company or Basket Company during the relevant Dividend Period to holders of record of a Share.

Any **"gross cash dividend"** shall represent a sum before the withholding or deduction of taxes at the source by or on behalf of any applicable authority having power to tax in respect of such a dividend, and shall exclude any imputation or other credits, refunds or deductions granted by any applicable authority having power to tax in respect of such dividend and any taxes, credits, refunds or benefits imposed, withheld, assessed or levied thereon. In addition, "gross cash dividends" shall exclude Extraordinary Dividends and Excess Dividend Amounts, if any, unless otherwise provided in the applicable Final Terms.

**"Record Amount"** means, in relation to a Dividend Amount, 100 per cent. of the gross cash dividend per Share declared by the Share Company or Basket Company to holders of record of a Share on any record date occurring during the relevant Dividend Period.

**"Second Period"** means each period from, but excluding, one Valuation Date to, and including, the next Valuation Date, except that (i) the initial Dividend Period will commence on, but exclude, the Trade Date and (ii) the final Dividend Period will end on, and include, the final Valuation Date or, in respect of Physical Delivery Notes, the date that is one Settlement Cycle prior to the Maturity Date.

## 9. NON-EURO QUOTED SHARES

In respect of Notes relating to Shares originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty (as defined in General Condition 17.2, if such shares are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange or, where no Exchange is specified in the applicable Final



## *Equity Technical Annex*

Terms, the principal market on which those Shares are traded, then the Calculation Agent may adjust any of the terms of the Conditions and/or the applicable Final Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the relevant Valuation Time (or such other time as the Calculation Agent determines appropriate) at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of such time. No adjustments under this provision will affect the currency denomination of any payment obligation arising out of the Notes.

### 10. DEFINITIONS

Unless otherwise specified in the applicable Final Terms:

**"Affiliate"** means in relation to any entity (the **"First Entity"**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **"control"** means ownership of a majority of the voting power of an entity;

**"Analogous Event"** means any event analogous to any of the Additional Disruption Events: Change of Law, Currency Event, Failure to Deliver, Force Majeure Event, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and Loss of Stock Borrow, in each case if such Additional Disruption Event is specified as applicable in the applicable Final Terms, all as determined by the Calculation Agent;

**"Averaging Date"** means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) if **"Omission"** is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if **"Postponement"** is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if **"Modified Postponement"** is specified as applying in the applicable Final Terms then:
  - (i) where the Notes relate to a single share, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a) of the definition of "Valuation Date" below; or
  - (ii) where the Notes relate to a basket of Shares, the Averaging Date for each Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the

## *Equity Technical Annex*

"**Scheduled Averaging Date**") and the Averaging Date for each Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Share. If the first succeeding Valid Date in relation to such Share has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of such Share, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b) of the definition of "Valuation Date" below; and

- (iii) for the purposes of these Equity Linked Conditions, "**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

"**Basket Company**" means a company whose shares are included in the basket of Shares and "**Basket Companies**" means all such companies;

"**Bloomberg Screen**" shall mean, when used in connection with any designated page, specified in the applicable Final Terms, the display page so designated on the Bloomberg service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, in all cases for the purpose of displaying comparable rates in succession thereto).

"**Change in Law**" means that, on or after the Trade Date (as specified in the applicable Final Terms) (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (i) it has become illegal to hold, acquire or dispose of any relevant Share and/or (ii) the Hedging Party will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates or any Hedging Party), or (iii) the performance of the Guarantor under the Guarantee has become unlawful.

"**Clearance System**" shall mean any one of Euroclear, Clearstream, Luxembourg or any other relevant clearance systems specified as such in the applicable Final Terms or any successor to such clearance system.

"**Clearance System Business Day**" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a settlement disruption event, would have been) open for acceptance and execution of settlement instructions.

"**Closing Price**" means, in relation to a Share:

- (a) if the relevant Exchange is the Tokyo Stock Exchange or the Osaka Securities Exchange, the last traded price of such Share for the day quoted by the Exchange, provided however, that if there is a closing special quote on such Shares quoted by the Exchange (*tokubetsu kehaine*), such quote shall be deemed to be the relevant Closing Price;
- (b) if the relevant Exchange is the Italian Stock Exchange, the *Prezzo di Riferimento*, which means the price as published by the Italian Stock Exchange at the close of trading and having the meaning ascribed thereto in the Rules of the Markets organised and managed by the Italian Stock Exchange, as such Rules may be amended by the Borsa Italiana S.p.a. from time to time; or

## *Equity Technical Annex*

(c) in any other case, the official closing price of such Share on the relevant Exchange.

**"Currency Event"** means that, on or after the Trade Date, it has become impracticable, illegal or impossible (a) for the Issuer or any of its Affiliates or Hedging Party to convert the relevant currency ("**Local Currency**") in which the Shares or any options or futures contracts or other hedging arrangement in relation to the Shares are denominated, into the currency required for settlement of the Notes ("**Settlement Currency**"), or exchange or repatriate any funds in the Local Currency or the Settlement Currency outside of the country in which the Shares or any options or futures contracts in relation to the Shares are traded due to the adoption of, or any change in, any applicable law, rule, regulation, judgment, order, directive or decree of any Government Authority or otherwise, or (b) for the Calculation Agent to determine a rate or (in the determination of the Calculation Agent) a commercially reasonable rate at which the Local Currency can be exchanged for the Settlement Currency for payment under the Notes, all as determined by the Calculation Agent.

**"Disrupted Day"** means any Scheduled Trading Day on which: (i) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or (ii) a Market Disruption Event has occurred.

**"Early Closure"** means the closure on any Exchange Business Day of the relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**"Exchange"** means, in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

**"Exchange Business Day"** means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (a) to effect transactions in, or obtain market values for, the Shares on the relevant Exchange or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Share on any relevant Related Exchange.

**"Failure to Deliver"** means failure of the Hedging Party to deliver, when due, the Relevant Assets comprising the Asset Amount, where such failure to deliver is due to illiquidity in the market for such Shares.

**"Force Majeure Event"** means that on or after the Trade Date, the performance of the Issuer's obligations under the Notes or the Hedging Agreement or the performance of the Hedging Party's obligations under the Hedging Agreement is prevented or materially hindered or delayed due to (a) any act (other than a Market Disruption Event), law, rule, regulation, judgment, order, directive, interpretation, decree or material legislative or administrative interference of any Government Authority or otherwise, or (b) the occurrence of civil war, disruption, military action, unrest, political insurrection, terrorist activity of any kind, riot, public demonstration and/or protest, or any other financial or economic reasons or any other causes or impediments beyond the Issuer's control, or (c) any expropriation, confiscation, requisition, nationalisation or other action taken or threatened by any Government Authority that deprives the Issuer or the Hedging Party and/or any of its Affiliates of all or substantially all of its assets in a relevant or connected jurisdiction.

## *Equity Technical Annex*

**"Government Authority"** means any nation, state or government, any province or other political subdivision thereof, any body, agency or ministry, any taxing, monetary, foreign exchange or other authority, court, tribunal or other instrumentality and any other entity exercising, executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

**"Hedging Agreement"** means any transaction that hedges the equity price risk or any other relevant price risk including but not limited to the currency risk of the Issuer issuing and performing its obligations with respect to the Notes.

**"Hedging Disruption"** means that the Hedging Party is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk including but not limited to the currency risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s), as determined by the Calculation Agent.

**"Hedging Party"** means at any relevant time, the Issuer or any of its Affiliates or any other party providing the Issuer directly or indirectly with hedging arrangements in relation to the Notes as the Issuer may select at such time.

**"Hedging Shares"** means the number of Shares that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

**"Increased Cost of Hedging"** means that the Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

**"Increased Cost of Stock Borrow"** means that the Hedging Party would incur a rate to borrow any Share that is greater than the Initial Stock Loan Rate.

**"Initial Stock Loan Rate"** means, in respect of a Share, the initial stock loan rate specified in relation to such Share in the applicable Final Terms.

**"Insolvency Filing"** means that a Share Company or Basket Company, as the case may be, institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company or Basket Company shall not be deemed an Insolvency Filing.

**"Jurisdiction Event"** means that, on or after the Trade Date, it has become impracticable, illegal or impossible for the Issuer or any of its Affiliates or the Hedging Party to purchase, sell, hold or otherwise deal (or to continue to do so in the future) in the Shares or any options or futures contracts in relation to the Shares in order for the Issuer to perform its obligations under the Notes or in respect of any relevant hedging arrangements in connection with the Notes (including, without limitation, any purchase, sale or entry into or holding of one or more securities positions, currency positions, stock loan transactions, derivatives position or other instruments or arrangements (however described) by the Issuer and/or any of its Affiliates in order to

## *Equity Technical Annex*

hedge, either individually or on a portfolio basis, the Notes) or the costs of so doing would (in the sole and absolute determination of the Calculation Agent) be materially increased under the restriction or limitation of the existing or future law, rule, regulation, judgment, order, interpretation, directive or decree of any Government Authority or otherwise, all as determined by the Calculation Agent.

**"Local Jurisdiction"** has the meaning given in the definition of Offshore Investor.

**"Local Taxes"** shall mean taxes, duties, and similar charges imposed by the taxing authority of the country in which the Basket Company or the Share Company, as the case may be, has been incorporated or in which the relevant Exchange is located.

**"Loss of Stock Borrow"** means that the Hedging Party is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

**"Maximum Stock Loan Rate"** means, in respect of a Share, the Maximum Stock Loan Rate specified in the applicable Final Terms.

**"Offshore Investor"** shall mean a holder of Shares who is an institutional investor not resident in the country in which the Basket Company or the Share Company, as the case may be, has been incorporated or in which the relevant Exchange is located (the **"Local Jurisdiction"**), for the purposes of the tax laws and regulations of the Local Jurisdiction and, for the avoidance of doubt, whose jurisdiction of residence (i) shall be determined by the Calculation Agent in its sole and absolute discretion and (ii) may be the jurisdiction of a Hedging Party.

**"Related Exchange"** means, in relation to a Share, each exchange or quotation system on which option contracts or futures contracts relating to such Share are traded, or each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where **"All Exchanges"** is specified as the Related Exchange in the applicable Final Terms, Related Exchange shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share.

**"Relevant Time"** means, in relation to a Share, the time specified as such in the applicable Final Terms or, if not specified, the Scheduled Closing Time.

**"Reuters Screen"** shall mean, when used in connection with any designated page, specified in the applicable Final Terms, the display page so designated on the Reuters Money Market Rate Services or such other services or service as may be nominated as the information vendor for the purpose of displaying the specific page on that service or such other page as may be replace that page on that service or such other service, in all cases for the purpose of displaying comparable rates in succession thereto.

**"Scheduled Closing Time"** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**"Scheduled Trading Day"** means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

**"Scheduled Valuation Date"** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

## *Equity Technical Annex*

"**Screen Page**" means the page specified in the applicable Final Terms, or any successor page or service thereto.

"**Settlement Cycle**" means, in respect of any Share, the period of Clearance System Business Days following a trade in Shares on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

"**Settlement Price**" means, unless otherwise specified in the applicable Final Terms and subject as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:

- (a) in the case of Notes relating to a single Share, an amount equal to the Closing Price (or the price at the Relevant Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and (or if, in the opinion of the Calculation Agent, any such Closing Price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Share or on such other factors as the Calculation Agent shall decide; and
- (b) in the case of Notes relating to a basket of Shares, an amount equal to the sum of the values calculated for each Share at the Closing Price (or the price at the Relevant Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share) on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and (or if in the opinion of the Calculation Agent, any such Closing Price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the relevant Share whose Closing Price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be determined based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the relevant Share or on such other factors as the Calculation Agent shall decide.

"**Shares**" and "**Share**" mean in the case of an issue of Notes relating to a basket of Shares, each share and, in the case of an issue of Notes relating to a single Share, the share, specified in the applicable Final Terms and related expressions shall be construed accordingly.

"**Share Company**" means, in the case of an issue of Notes relating to a single Share, the company that has issued such share.

## *Equity Technical Annex*

**"Specified Maximum Days of Disruption"** means the lesser of (i) eight (8) Scheduled Trading Days or (ii) such number of Scheduled Trading Days in the period from (but excluding) the Scheduled Valuation Date to (but excluding) the third (3) Business Day prior to any due date for any payment under the Notes for which valuation on the relevant Averaging Date or Valuation Date is relevant.

**"Stop-Loss Event"** means the price of any Share as quoted on the relevant Exchange for such Share at any time or the Scheduled Closing Time, as specified in the applicable Final Terms, on any Scheduled Trading Day that is not a Disrupted Day in respect of such Share on or after the Trade Date or, if later the Strike Date, is less than 5.00 per cent., or (if different) such percentage specified in the applicable Final Terms, of its Strike Price or, if no Strike Price is stipulated in the applicable Final Terms, the price given as the Benchmark Price for such Share in the applicable Final Terms, all as determined by the Calculation Agent in its sole and absolute discretion.

**"Trade Date"** shall have the meaning specified in the applicable Final Terms.

**"Trading Disruption"** means, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to the share or (b) in futures or options contracts relating to such share on any relevant Related Exchange.

**"Valuation Date"** means the date specified as such in the applicable Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) in the case of Notes relating to a single Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price (including without limitation the conversion of such amount from or into any applicable currency) in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the Settlement Price in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on that the last such consecutive Scheduled Trading Day; or
- (b) in the case of Notes relating to a basket of Shares, the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Share affected (each an "**Affected Item**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price using, in relation to the Affected Item, the level or value as applicable, determined in the manner set out in the applicable Final Terms, or, if not set out or if not practicable, using its good faith estimate of the value for the Affected Item as of the Valuation Time on the last consecutive Scheduled Trading Day,

and otherwise in accordance with the above provisions; and

**"Valuation Time"** means the Relevant Time specified in the applicable Final Terms or, if no Relevant Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date or Averaging Date, as the case may be, in relation to each Share to be valued provided that if the relevant Exchange closes

## *Equity Technical Annex*

prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

### **11. PHYSICAL DELIVERY NOTES**

#### (A) Physical Delivery

##### (1) Asset Transfer Notices

In relation to Physical Delivery Notes other than Notes represented by a Rule 144A Global Note, in order to obtain delivery of the Asset Amount(s) in respect of any Note:

- (X) if such Note is represented by a Global Note, the relevant Noteholder must deliver to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Principal Paying Agent and Calculation Agent not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice in the form set out in the Agency Agreement; and
- (Y) if such Note is in definitive form, the relevant Noteholder must deliver (i) if this Note is a Bearer Note, to any Paying Agent or (ii) if this Note is a Registered Note, to the Registrar or any Paying Agent, in each case, with a copy to the Principal Paying Agent and Calculation Agent not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice in the form set out in the Agency Agreement.

Copies of the Asset Transfer Notice may be obtained during normal business hours from the specified office of the Registrar or any Paying Agent.

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be, or (ii) if such Note is in definitive form, in writing.

If this Note is in definitive form, this Note must be delivered together with the duly completed Asset Transfer Notice.

The Asset Transfer Notice shall:

- (i) specify the name, address and contact telephone number of the relevant Noteholder and the person from whom the Issuer may obtain details for the delivery of the Asset Amount;
- (ii) specify the series number of the Notes and the number of Notes which are the subject of such notice;
- (iii) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Noteholder's account at Euroclear or Clearstream, Luxembourg as the case may be to be debited with such Notes and irrevocably instruct and authorise the relevant Clearance System to debit the relevant Noteholder's account with such Notes on or before the Delivery Date;
- (iv) include an undertaking to pay all Expenses and, in the case of Notes represented by a Global Note, an authority to Euroclear or Clearstream, Luxembourg, as the case may, be to debit a specified account of the Noteholder with Euroclear or



## *Equity Technical Annex*

Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Expenses;

- (v) include such details as are required for delivery of the Asset Amount which may include account details and/or the name and address of any person(s) into whose name evidence of the Asset Amount is to be registered and/or any bank, broker or agent to whom documents evidencing the Asset Amount are to be delivered and specify the name and number of the Noteholder's account to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Asset Amount or any dividends relating to the Asset Amount or as a result of the occurrence of a Settlement Disruption Event and the Issuer electing to pay the Disruption Cash Redemption Amount;
- (vi) certify that the beneficial owner of each Note is not a U.S. person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof;
- (vii) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Agency Agreement.

### (2) Verification of the Noteholder

In the case of Notes represented by a Global Note, upon receipt of an Asset Transfer Notice, Euroclear or Clearstream, Luxembourg as the case may be shall verify that the person delivering the Asset Transfer Notice is the holder of the Notes described therein according to its records. Subject thereto, Euroclear or Clearstream, Luxembourg as the case may be will confirm to the Principal Paying Agent the series number and number of Notes which are the subject of such notice, the relevant account details and the details for the delivery of the Asset Amount of each Note. Upon receipt of such confirmation, the Principal Paying Agent will inform the Issuer thereof. Euroclear or Clearstream, Luxembourg as the case may be will on or before the Delivery Date debit the securities account of the relevant Noteholder with the relevant Notes.

### (3) Determinations and Delivery

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made, in the case of Notes represented by a Global Note, by Euroclear or Clearstream, Luxembourg as the case may be or, in the case of Notes in definitive form, by the relevant Paying Agent or the Registrar, as the case may be, in each case in consultation with the Principal Paying Agent, and shall be conclusive and binding on the Issuer, the Principal Paying Agent(s) and the relevant Noteholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Paying Agent immediately after being delivered or sent as provided in paragraph (1) above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of, in the case of Notes represented by a Global Note, Euroclear or Clearstream, Luxembourg as the case may be, or, in the case of Notes in definitive form, by the relevant Paying Agent or the Registrar, as the case may be, in each case in consultation with the Principal Paying Agent, it shall be

## *Equity Technical Annex*

deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above.

No Asset Transfer Notice may be withdrawn after receipt thereof by the relevant Clearance System, the Registrar or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

The Asset Amount will be delivered at the risk of the relevant Noteholder, in the manner provided below on the date fixed for redemption (such date, subject to adjustment in accordance with this Equity Linked Condition, the "**Delivery Date**"), provided that the Asset Transfer Notice is duly delivered as provided above on or prior to the Cut-Off Date.

If a Noteholder fails to give an Asset Transfer Notice as provided herein with a copy to the Principal Paying Agent, on or prior to the Cut-Off Date, then the Asset Amount will be delivered as soon as practicable after the date fixed for redemption (in which case, such date of delivery shall be the Delivery Date) at the risk of such Noteholder in the manner provided below. For the avoidance of doubt, in such circumstances such Noteholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Delivery Date falling after the date fixed for redemption and no liability in respect thereof shall attach to the Issuer.

The Issuer shall at the risk of the relevant Noteholder, deliver or procure the delivery of the Asset Amount for each Note, pursuant to the details specified in the Asset Transfer Notice or in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice. All costs, taxes, duties and/or expenses including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes ("**Expenses**") arising from the delivery of the Asset Amount in respect of such Notes shall be for the account of the relevant Noteholder and no delivery of the Asset Amount shall be made until all Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

### (4) General

Notes held by the same Noteholder will not be aggregated for the purpose of determining the Asset Amounts in respect of such Notes, and the Asset Amounts in respect of each Note will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered but in lieu thereof the Issuer shall pay to the Noteholders in respect of each Note an additional amount in the Specified Currency equal to the fair market value of such fraction in such manner as shall be determined by the Calculation Agent in its sole and absolute discretion and notified to Noteholders in accordance with General Condition 14 (*Notices*).

Following the Delivery Date of a Share all dividends on the relevant Shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the Delivery Date and to be delivered in the same manner as such relevant Shares. Any such dividends to be paid to a Noteholder will be paid to the account specified by the Noteholder in the relevant Asset Transfer Notice as referred to in Equity Linked Condition 11(A)(1).

For such period of time after delivery of the Asset Amount as the Issuer or any person acting on behalf of the Issuer shall continue to be the legal owner of the securities comprising the

## *Equity Technical Annex*

Asset Amount (the "**Intervening Period**"), none of the Issuer, the Paying Agents, the Registrar or any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations comprised in such Asset Amount or otherwise as specified in the applicable Final Terms.

(5) Settlement Disruption

If, in the opinion of the Calculation Agent, delivery of the Asset Amount using the method of delivery specified in the applicable Final Terms or such commercially reasonable manner as the Calculation Agent has determined is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on the Delivery Date, then the Delivery Date shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event unless there is a Settlement Disruption Event on each of the ten (10) Settlement Business Days immediately following the original date that, but for such Settlement Disruption Event, would have been a valid Delivery Date. In that case, (a) if the Asset Amount can be delivered in any other commercially reasonable manner, as determined by the Calculation Agent, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by delivering the Asset Amount using such other commercially reasonable manner as it may select and in such event the Delivery Date shall be the first day on which settlement of a sale of Relevant Assets comprising the Asset Amount executed on that tenth (10) Clearance System Business Day would customarily take place using such other commercially reasonable manner, and (b) if the Relevant Assets comprising the Asset Amount cannot be delivered in any other commercially reasonable manner, then the Delivery Date will be postponed until delivery can be effected in the manner contemplated in the Asset Transfer Notice or in any other commercially reasonable manner, as determined by the Calculation Agent. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Asset Amount, the Delivery Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Delivery Date. For so long as delivery of the Asset Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Redemption Amount (as defined below) on the fifth (5th) Business Day following the date that notice of such election is given to the Noteholders in accordance with General Condition 14 (*Notices*). Payment of the Disruption Cash Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 14 (*Notices*). The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with General Condition 14 (*Notices*) that a Settlement Disruption Event has occurred. No Noteholder shall be entitled to any payment in respect of the relevant Note in the event of any delay in the delivery of the Asset Amount due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

(6) If any Note represented by a Rule 144A Global Note is to be redeemed by delivery of an Asset Amount, the relevant provisions relating to such delivery shall be set out in the applicable Final Terms.

## *Equity Technical Annex*

(B) Definitions specific to Physical Delivery

"**Agency Agreement**" has the meaning given in the General Conditions.

"**Asset Amount**" has the meaning specified in the applicable Final Terms.

"**Asset Transfer Notice**" shall mean the notice in the form set out in the Agency Agreement.

"**Cut-Off Date**" has the meaning specified in the applicable Final Terms.

"**Disruption Cash Redemption Amount**", in respect of any relevant Note, shall be the Market Value of such Note expressed in the Specified Currency (taking into account any relevant currency exchange rate and, where the Settlement Disruption Event affected some but not all of the Shares comprising the Asset Amount and such non affected Shares have been duly delivered as provided above, the value of such Shares), all as determined by the Calculation Agent in its sole and absolute discretion.

"**Settlement Business Day**" has the meaning specified in the applicable Final Terms.

"**Settlement Disruption Event**" means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Asset Amount(s) using the method specified in the applicable Final Terms.

## 12. VARIATION OF SETTLEMENT

If the applicable Final Terms indicate that the Issuer has the option to vary settlement in respect of the Notes, the Issuer may at its sole and absolute discretion in respect of each such Note give notice pursuant to General Condition 14 (*Notices*) no later than the second (2) Business Day prior to the Maturity Date that the Notes shall be (x) Cash Settled Notes instead of Physical Delivery Notes or (y) Physical Delivery Notes instead of Cash Settled Notes and in this case the provisions of Equity Linked Condition 1(b)(A) or (B) (*Equity Linked Redemption Notes*) respectively shall apply.

## *Equity Index Technical Annex*

### **EQUITY INDEX TECHNICAL ANNEX**

#### **ADDITIONAL TERMS AND CONDITIONS FOR EQUITY INDEX LINKED NOTES**

*The terms and conditions applicable to Equity Index Linked Notes shall comprise the General Terms and Conditions of the Notes (the "**General Conditions**") and the additional Terms and Conditions set out below (the "**Equity Index Linked Conditions**", together with the General Conditions (the "**Conditions**"), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Equity Index Linked Conditions, the Equity Index Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Index Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

References below to a numbered General Condition are to such numbered section of the General Conditions and references to a numbered Equity Index Linked Condition are to such numbered section as set out in this Equity Index Technical Annex.

Defined terms used in this Technical Annex where the same term may be used in another Technical Annex (e.g. Valuation Date) shall have the meanings given in this Technical Annex or in the section of the Final Terms relating to Equity Index Linked Notes.

#### **1. EQUITY INDEX LINKED NOTES**

##### **(a) Equity Index Linked Interest Notes**

Unless previously redeemed or purchased and cancelled in accordance with the General Conditions or as specified in the applicable Final Terms and subject to these Equity Index Linked Conditions, each Equity Index Linked Interest Note will bear interest in, or determined in the manner specified in, the applicable Final Terms and the General Conditions.

##### **(b) Equity Index Linked Redemption Notes**

Unless previously redeemed or purchased and cancelled in accordance with the General Conditions or as specified in the applicable Final Terms and subject to these Equity Index Linked Conditions, each Note will be redeemed by the Issuer at the Final Redemption Amount specified in, or determined in the manner specified in the applicable Final Terms on the Maturity Date.

#### **2. MARKET DISRUPTION**

**"Market Disruption Event"** means, in relation to Notes relating to a single Index or basket of Indices:

##### **(a) in respect of a Composite Index:**

##### **(i) (x) the occurrence or existence, in respect of any Component Security, of:**

**(A)** a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;

**(B)** an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or

## *Equity Index Technical Annex*

- (C) an Early Closure in respect of such Component Security; and
- (y) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20.00 per cent. or more of the level of such Index; or
- (ii) the occurrence or existence, in each case, in respect of futures or options contracts relating to such Index, of: (a) a Trading Disruption; (b) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time in respect of the Related Exchange; or (c) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component Security at any time, if a Market Disruption Event occurs in respect of such Component Security at that time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of such Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data"; and

- (b) in the case of Indices other than Composite Indices, the occurrence or existence of (1) at any time during the one hour period that ends at the relevant Valuation Time (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, or (2) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists at any time, if a Market Disruption Event occurs in respect of a Component Security included in such Index at any time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (x) the portion of the level of such Index attributable to that Component Security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event. For the purposes of determining whether a Market Disruption Event in respect of such Index exists at any time, if a Market Disruption Event occurs in respect of a Component Security included in such Index at any time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (i) the portion of the level of such Index attributable to that Component Security and (ii) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event. The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with General Condition 14 (*Notices*) of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been an Averaging Date or a Valuation Date.

### **3. ADJUSTMENTS TO AN INDEX**

#### **(a) Successor Index Sponsor Calculates and Reports an Index**

If a relevant Index is:

- (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent; or
- (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index,

then in each case that Index (the "**Successor Index**") will be deemed to be the Index.

## *Equity Index Technical Annex*

### (b) **Modification and Cessation of Calculation of an Index**

If, in the determination of the Calculation Agent,

- (i) on or prior to the last Valuation Date or the last Averaging Date, the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an "**Index Modification**"); or
- (ii) the relevant Index Sponsor permanently cancels a relevant Index and no Successor Index exists (an "**Index Cancellation**"); or
- (iii) on any Valuation Date or any Averaging Date, the Index Sponsor or (if applicable) the successor sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**" and, together with an Index Modification and an Index Cancellation, and any other events specified as such in the applicable Final Terms, each an "**Index Adjustment Event**");

then the Calculation Agent shall:

- (A) determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate the relevant Index Level using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date or Averaging Date, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those Component Securities that comprised that Index immediately prior to that Index Adjustment Event;
- (B) replace the Index by a new Index provided that such index is (a) representative of the same economic or geographic sector (as the case may be), and (b) to the extent possible, representative of securities/components listed on one or more exchanges of one or more OECD countries and make relevant adjustments to the Conditions to account for such replacement; or
- (C) on giving notice to Noteholders in accordance with General Condition 14 (*Notices*), the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by payment of the relevant Early Redemption Amount.

### (c) **Notice**

The Calculation Agent shall, as soon as practicable, notify the relevant Agent of any determination made by it pursuant to paragraph (b) above and the action proposed to be taken in relation thereto and such Agent shall make available for inspection by Noteholders copies of any such determinations.

## **4. CORRECTION OF INDEX**

With the exception of any corrections published after the day which is three (3) Exchange Business Days prior to the Maturity Date, if the level of the Index published on a given day and used or to be used by the Calculation Agent to make any determination under the Notes, is subsequently corrected and the correction published by the relevant Index Sponsor within one Settlement Cycle after the original publication, the level to be used for calculation of any relevant value in relation to the Notes shall be the level of the Index as so corrected and the Calculation Agent may make any relevant adjustment to the Conditions or any subsequent

## *Equity Index Technical Annex*

amount payable under the Notes to account therefor, as the Calculation Agent determines appropriate in its sole and absolute discretion.

### 5. ADDITIONAL DISRUPTION EVENTS

"**Additional Disruption Event**" means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Loss of Stock Borrow and/or any other event specified in the applicable Final Terms.

- (a) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may either:
  - (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the terms of the Notes to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (ii) redeem the Notes by giving notice to the Noteholders in accordance with General Condition 14 (*Notices*). If the Notes are so redeemed the Issuer will pay each Noteholder the Early Redemption Amount in respect of each Note held by him. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 14 (*Notices*).
- (b) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 14 (*Notices*) stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto.

### 6. INDEX DISCLAIMER

The Notes are not sponsored, endorsed, sold or promoted by any Index or any Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. The Issuer (or, if applicable, the Guarantor) shall have no liability to the Noteholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date specified in the applicable Final Terms, neither the Issuer (or, if applicable, the Guarantor) nor its Affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Indices from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer (or, if applicable, the Guarantor), its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

### 7. DEFINITIONS

Unless otherwise specified in the applicable Final Terms:

"**Affiliate**" means in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "**control**" means ownership of a majority of the voting power of an entity.



## *Equity Index Technical Annex*

"**Averaging Date**" means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) if "**Omission**" is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Index Level provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of "**Valuation Date**" will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if "**Postponement**" is specified as applying in the applicable Final Terms, then the provisions of the definition of "**Valuation Date**" will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if "**Modified Postponement**" is specified as applying in the applicable Final Terms then:
  - (i) where the Notes relate to a single Index, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "**Valuation Date**" below;
  - (ii) where the Notes relate to a basket of Indices, the Averaging Date for each Index not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index. If the first succeeding Valid Date in relation to such Index has not occurred for a number of consecutive Scheduled Trading days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date) in respect of such Index, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "**Valuation Date**" below; and
  - (iii) for the purposes of these Terms and Conditions "**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

"**Bloomberg Screen**" shall mean, when used in connection with any designated page, specified in the applicable Final Terms, the display page so designated on the Bloomberg service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, in all cases for the purpose of displaying comparable rates in succession thereto).

"**Change in Law**" means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax

## ***Equity Index Technical Annex***

law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (i) it has become illegal for it or any of its Affiliates or Hedging Party to hold, acquire or dispose of any Component Security or the relevant hedge positions relating to an Index, or (ii) the Hedging Party will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates or Hedging Party), or (iii) the performance of the Guarantor under the Guarantee has become unlawful.

**"Clearance System"** shall mean any one of Euroclear, Clearstream, Luxembourg or any other relevant clearance systems specified as such in the applicable Final Terms or any successor to such clearance system.

**"Clearance System Business Day"** means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a settlement disruption event, would have been) open for acceptance and execution of settlement instructions.

**"Component Security"** means each and any component security of any Index.

**"Composite Index"** means any Index specified as such in the applicable Final Terms, or if not specified, any Index the Calculation Agent determines as such.

**"Disrupted Day"** means:

- (a) in the case of a Composite Index, any Scheduled Trading Day on which: (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred; and
- (b) in the case of any Index which is not a Composite Index, any Scheduled Trading Day on which: (i) the Exchange or the Related Exchange fails to open for trading during their regular trading session or (ii) a Market Disruption Event has occurred.

**"Early Closure"** means:

- (a) in the case of a Composite Index, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day; and
- (b) in the case of any Index which is not a Composite Index, the closure on any Exchange Business Day with respect to such Index of any relevant Exchange(s) relating to Component Securities that comprise 20.00 per cent. or more of the level of such Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

## ***Equity Index Technical Annex***

**"Exchange"** means:

- (a) in the case of a Composite Index, in respect of each Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent, any successor thereto or any substitute exchange or quotation system to which trading in the Component Securities underlying the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the Component Securities on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) in the case of any Index which is not a Composite Index, the relevant exchange or quotation system specified for such Index in the applicable Final Terms or if no such exchange or quotation system is specified for such Index in the Final Terms, the exchange or quotation system on which all or substantially all relevant Component Securities are listed (being for the avoidance of doubt, where any Component Security has more than one listing, the exchange or quotation system used by the relevant Index Sponsor for the purposes of valuing the relevant price of such Component Security) or, in each case, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Component Securities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity in relation to the Component Securities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange).

**"Exchange Business Day"** means:

- (a) in the case of each Composite Index, any Scheduled Trading Day on which (i) the relevant Index Sponsor calculates and publishes the level of the Index, and (ii) each Related Exchange is open for trading during its regular trading session, notwithstanding any Exchange or the Related Exchange closing prior to its Scheduled Closing Time.
- (b) in the case of each Index which is not a Composite Index, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means, with respect to:

- (a) in the case of any Composite Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, (A) any Component Security on the Exchange in respect of such Component Security; or (B) in futures or options contracts relating to such Index on the Related Exchange; and
- (b) in the case of any Index which is not a Composite Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values on any relevant Exchange(s) in Component Securities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange.

**"Hedging Disruption"** means that the Hedging Party is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer deems necessary to hedge the equity price risk or any other relevant price risk including but not limited to the currency risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

## *Equity Index Technical Annex*

**"Hedging Party"** means the Issuer or any Affiliate(s) of the Issuer or any entity (or entities) acting on behalf of the Issuer in any underlying or hedging transactions relating to an Index in respect of the Issuer's obligations under the Notes.

**"Hedging Shares"** means the number of Component Securities comprised in an Index that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

**"Increased Cost of Hedging"** means that the Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

**"Increased Cost of Stock Borrow"** means that the Hedging Party would incur a rate to borrow any Component Security comprised in an Index that is greater than the Initial Stock Loan Rate.

**"Index"** and **"Indices"** mean, subject to adjustment in accordance with these Equity Index Linked Conditions, the index or indices specified in the applicable Final Terms and related expressions shall be construed accordingly.

**"Index Level"** means, unless otherwise specified in the applicable Final Terms, and subject as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:

- (a) in the case of Notes relating to:
  - (i) a single Index other than a Composite Index, an amount equal to the official closing level of the Index; or
  - (ii) a single Composite Index, the official closing level of such Index as published by the relevant Index Sponsor,

in each case as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent as set out in the applicable Final Terms at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date; and

- (b) in the case of Notes relating to a basket of Indices, an amount equal to the sum of the values calculated for each Index as the official closing level for each Index or, in relation to a Composite Index, the official closing level of such Index as published by the relevant Index Sponsor, in each case as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of each Index determined by the Calculation Agent as set out in the applicable Final Terms at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, multiplied by the relevant Weighting.

**"Index Sponsor"** means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date of the Notes is the index sponsor specified for such Index in the applicable Final Terms.

## ***Equity Index Technical Annex***

**"Initial Stock Loan Rate"** means, in respect of a Component Security comprised in an Index, the initial stock loan rate specified in relation to such Component Security in the applicable Final Terms or such other rate as notified to the Noteholders in accordance with General Condition 14 (*Notices*).

**"Loss of Stock Borrow"** means that the Hedging Party is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Component Securities comprised in an Index in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

**"Maximum Stock Loan Rate"** means, in respect of a Component Security comprised in an Index, the Maximum Stock Loan Rate specified in the applicable Final Terms or such other rate as notified to the Noteholders in accordance with General Condition 14 (*Notices*).

**"Related Exchange"** means, in respect of Equity Index Linked Notes and in relation to an Index, each exchange or quotation system on which option contracts or futures contracts relating to such Index are traded, or each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where **"All Exchanges"** is specified as the Related Exchange in the applicable Final Terms, **"Related Exchange"** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

**"Relevant Time"** shall have the meaning specified in the applicable Final Terms, or if no Relevant Time is specified, the Relevant Time shall be the Scheduled Closing Time.

**"Reuters Screen"** shall mean, when used in connection with any designated page, specified in the applicable Final Terms, the display page so designated on the Reuters Money Market Rate Services or such other services or service as may be nominated as the information vendor for the purpose of displaying the specific page on that service or such other page as may be replace that page on that service or such other service, in all cases for the purpose of displaying comparable rates in succession thereto.

**"Scheduled Closing Time"** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**"Scheduled Trading Day"** means:

- (a) in the case of any Composite Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index, and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session; and
- (b) in the case of any Index which is not a Composite Index, any day on which each Exchange and each Related Exchange in respect of each such Index are scheduled to be open for trading for their respective regular trading sessions.

**"Scheduled Valuation Date"** means any original date that, but for the occurrence of an event issuing a Disrupted Day would have been a Valuation Date.

**"Screen Page"** means the page specified in the applicable Final Terms, or any successor page or service thereto.

## *Equity Index Technical Annex*

"**Settlement Cycle**" means, in respect of any Index, the period of Clearance System Business Days following a trade in the securities underlying such Index on the Exchange in which settlement will customarily occur according to the rules of such Exchange (or, if there are multiple Exchanges in respect of an Index, the longest such period).

"**Specified Maximum Days of Disruption**" means eight (8) Scheduled Trading Days or if less such number of Scheduled Trading Days in the period from (but excluding) the Scheduled Valuation Date to (but excluding) the third (3rd) Business Day prior to any due date for any payment under the Notes for which valuation on the relevant Averaging Date or Valuation Date is relevant.

"**Trading Disruption**" means:

- (a) in the case of a Composite Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange; and
- (b) in the case of an Index which is not a Composite Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to Component Securities that comprise 20.00 per cent. or more of the level of such Index on any relevant Exchange(s) or (b) in futures or options contracts relating to such Index on any relevant Related Exchange.

"**Valuation Date**" means the date specified as such in the applicable Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) in the case of Notes relating to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Index Level in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the Index Level by determining the level of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security/commodity comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day); or
- (b) in the case of Notes relating to a basket of Indices, the Valuation Date for each Index, not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index, affected (each an "**Affected Item**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Index Level using, in relation to the Affected Item,

## *Equity Index Technical Annex*

the level or value as applicable, determined in the manner set out in the applicable Final Terms, or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security/commodity comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day) and otherwise in accordance with the above provisions.

**"Valuation Time"** means:

- (a) the Relevant Time specified in the applicable Final Terms;
- (b) in the case of a Composite Index, means in respect of such Index: (i) for the purposes of determining whether a Market Disruption Event has occurred: (A) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (B) in respect of any options contracts or futures contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor; and
- (c) in the case of any Index which is not a Composite Index, means the Scheduled Closing Time on the Exchange on the relevant date. If the Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

## *Funds Technical Annex*

### FUNDS TECHNICAL ANNEX

#### ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED NOTES

*The terms and conditions applicable to Fund Linked Notes shall comprise the General Terms and Conditions of the Notes (the "**General Conditions**") and the additional Terms and Conditions set out below (the "**Fund Linked Conditions**", and together with the General Conditions, the "**Conditions**"), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Fund Linked Conditions, the Fund Linked Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Fund Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

References below to a numbered General Condition are to such numbered section of the General Conditions and references to a numbered Fund Linked Condition are to such numbered section as set out in this Technical Annex.

Defined terms used in this Technical Annex where the same term may be used in another Technical Annex (e.g. Valuation Date or Averaging Date) shall have the same meanings given in this Technical Annex or in the section of the Final Terms relating to Fund Linked Notes.

#### 1. FUND LINKED NOTES

##### (a) Fund Linked Interest Notes

Unless previously redeemed or purchased and cancelled in accordance with the General Conditions or as specified in the applicable Final Terms and subject to this Funds Technical Annex, each Fund Linked Interest Note will bear interest in the manner specified in the applicable Final Terms and the General Conditions.

##### (b) Fund Linked Redemption Notes

Unless previously redeemed or purchased and cancelled, each Note will be redeemed by the Issuer by payment of the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms, on the Maturity Date.

If Maturity Date Extension is specified as applying in the applicable Final Terms then, if the Redemption Payment Date in relation to the Valuation Date or last occurring Averaging Date has not occurred on or prior to the second (2nd) Currency Business Day preceding the Scheduled Maturity Date, the Maturity Date shall be postponed and shall occur on the seventh (7th) Currency Business Day following (i) the Redemption Payment Date in relation to the Valuation Date or last occurring Averaging Date or (ii) if earlier, the last day of the Cut-off Period.

#### 2. POTENTIAL ADJUSTMENT EVENTS

If any Potential Adjustment Event exists or occurs at any time, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units or amount of the Fund Interest and, if so, the Issuer may require the Calculation Agent to (i) make the corresponding adjustment(s), if any, to any one or more of the Final Redemption Amount and/or the relevant number of units of the Reference Fund and/or any of the other terms of these Fund Linked Conditions, the General Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect and (ii) determine the effective date(s) of the adjustment(s).



## *Funds Technical Annex*

Upon making any such adjustment pursuant to this Fund Linked Condition 2, the Calculation Agent shall give notice as soon as practicable to Noteholders in accordance with General Condition 14 (*Notices*), stating the adjustment to be taken and giving details of the Potential Adjustment Event.

### **3. CONSEQUENCES OF AN EXTRAORDINARY FUND EVENT AND/OR AN ADDITIONAL EXTRAORDINARY FUND EVENT**

If, in the determination of the Calculation Agent, an Extraordinary Fund Event(s) and/or Additional Extraordinary Fund Event(s) has occurred or exists, the Issuer may either:

- (i) require the Calculation Agent to (1) make the corresponding adjustment(s) (each an "**Adjustment**"), if any, to any one or more of any Interest Amount, Final Redemption Amount and/or the relevant number of units of the Reference Fund and/or any of the other terms of these Fund Linked Conditions, the General Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for the relevant Extraordinary Fund Event or Additional Extraordinary Fund Event and (2) determine the effective date(s) of the adjustment(s) and such Adjustments may include, without limitation:
  - (A) partially cancelling the Notes and determining any partial cancellation amount (if any) in relation thereto;
  - (B) adjusting any method for calculating a Settlement Price or any other relevant level or value;
  - (C) delaying any determination or payment until the Calculation Agent determines that no Extraordinary Fund Event and/or Additional Extraordinary Fund Event exists;
  - (D) replacing an affected Fund Interest (the "**Affected Fund Interest**") with a replacement fund interest (the "**Replacement Fund Interest**") with a value as determined by the Calculation Agent equal to the Removal Value for the Affected Fund Interest and in a fund which in the determination of the Calculation Agent has similar characteristics, investment objectives and policies to those applicable to the Reference Fund in respect of the Affected Fund Interest immediately prior to the occurrence of the Extraordinary Fund Event and/or Additional Extraordinary Fund Event; and/or
  - (E) redeeming all, but not some only, of the Notes on an amortised basis by making a series of partial redemption payments, in respect of each Note, each such payment reflecting a Note's *pro rata* share of any partial realisation amount in cash or in kind (a "**Partial Realisation Amount**") which the Calculation Agent determines would be received by a Hypothetical Investor holding the relevant Fund Interest in circumstances where a Fund Insolvency Event has occurred or exists or a Reference Fund has otherwise determined to make partial payments or deliveries in respect of any Fund Interest which may, without limitation, be made by or on behalf of a Reference Fund to reflect the realisation or liquidation of the Reference Fund's assets or positions.

Each such payment in respect of the Notes shall be made on such date and on such terms following each corresponding receipt of a Partial Realisation Amount by a Hypothetical Investor as the Calculation Agent shall notify to Noteholders. However, where any Partial Realisation Amount is a non-cash amount, the relevant Notes payment shall only be made following such time (if any) as the Calculation Agent determines a Hypothetical Investor could reasonably realise the relevant Partial Realisation Amount for cash proceeds. It should be noted that any such partial redemption payments on the Notes may be significantly delayed (in some cases for a number of years) and may be zero, including in the event the Calculation Agent determines any such realisation could not be reasonably made. Each such partial redemption payment shall be net of a Note's *pro rata* share of any relevant fees, costs

## ***Funds Technical Annex***

or taxes which the Calculation Agent determines a Hypothetical Investor would suffer or would be required to pay in respect of any such realisation of the Fund Interest or a Partial Realisation Amount; or

- (i) redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount on the seventh (7) Currency Business Day following an applicable Redemption Payment Date or, if later following the date as of which the Calculation Agent determines a Hypothetical Investor could reasonably realise the relevant Fund Interest in full, as determined by the Calculation Agent.

If the Calculation Agent replaces an Affected Fund Interest with a Replacement Fund Interest, such replacement shall take effect on the first reasonably practicable date following the Removal Date for such Affected Fund Interest on which the Calculation Agent determines that a Hypothetical Investor could acquire the Replacement Fund Interest in full and the Calculation Agent shall determine all related Adjustments to the Notes to account for such replacement.

Upon making an Adjustment or following any determination by the Issuer to redeem the Notes pursuant to this Fund Linked Condition 3, the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with General Condition 14 (*Notices*) stating the adjustment or other action to be taken and giving brief details of the Extraordinary Fund Event and/or Additional Extraordinary Fund Event (as applicable).

#### **4. CORRECTION OF FUND INTEREST PRICES**

With the exception of any corrections published on or after the Maturity Date, if (i) any price published by or on behalf of a Reference Fund with respect to any Fund Interest on a given day and used or to be used by the Calculation Agent to make any determination under the Notes, is subsequently corrected and the correction is published by or on behalf of the Reference Fund after the original publication, or (ii) a Reference Fund with respect to any Fund Interest adjusts the Redemption Proceeds that would have been paid to a Hypothetical Investor redeeming the number of Fund Interest Units or amount of Fund Interest that is subject to valuation, and such adjustment would be reflected in either an additional payment to such Hypothetical Investor, or a claim for repayment of excess Redemption Proceeds made against such Hypothetical Investor, the Calculation Agent may in its sole and absolute discretion make any relevant Adjustment (as defined in Fund Linked Condition 3 above) to the Conditions or any subsequent amount payable under the Notes to account therefor. Corrections published on or after the Maturity Date will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

#### **5. DEFINITIONS APPLICABLE TO FUND LINKED NOTES**

##### **(a) Principal definitions applicable to the Reference Fund**

**"Fund Documents"** means, with respect to any Fund Interest, each relevant document specified as such in the applicable Final Terms and each relevant prospectus or offering document or any supplement thereto, the constitutive and governing documents, subscription agreements and other agreements of the related Reference Fund specifying the terms and conditions relating to such Fund Interest and any additional fund documents, in each case, as amended from time to time.

**"Fund Interest"** means, subject to adjustment in accordance with these Fund Linked Conditions, an interest issued to or held by an investor in a fund, pooled investment vehicle or any other interest identified as such in the applicable Final Terms.

**"Fund Interest Unit"** means, unless otherwise specified in the applicable Final Terms, in respect of a Fund Interest in a Reference Fund, a share of such Fund Interest or, if Fund Interests in such Reference Fund are not denominated as shares, a notional unit of account of ownership of such Fund Interest in such Reference Fund in the amount specified in the applicable Final Terms provided that if no such amount is so specified, then the

## *Funds Technical Annex*

entire amount of Fund Interest in which the Hypothetical Investor is deemed to invest on the relevant Reference Fund Subscription Date shall be a single Fund Interest Unit. In relation to a Fund Interest Unit or Fund Interest, unless otherwise specified in the applicable Final Terms, a Settlement Price shall be determined by reference to the value of such Fund Interest Unit or Fund Interest, as determined by the Calculation Agent, and Reported Value Method or Deemed Payout Method shall be deemed to be applicable as specified in the applicable Final Terms.

"**Reference Fund**" means, subject to adjustment in accordance with these Fund Linked Conditions and in respect of a Fund Interest, unless otherwise specified in the applicable Final Terms, the issuer of, or other legal arrangement giving rise to, the relevant Fund Interest.

### **(b) Definitions applicable to Reference Fund Management/Administration**

"**Fund Administrator**" means, in respect of a Reference Fund, any person specified as such in the applicable Final Terms or if no person is so specified, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Reference Fund according to the Fund Documents.

"**Fund Adviser**" means, in respect of a Reference Fund, any person specified as such in the applicable Final Terms or if no person is so specified, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non discretionary investment adviser to a discretionary investment manager or to another non discretionary investment manager) for such Reference Fund.

"**Fund Custodian**" means, in respect of a Reference Fund, any person specified as such in the applicable Final Terms or, if no person is so specified, any entity specified in the relevant Fund Documents which is responsible for the custody of the assets of the relevant Reference Fund.

"**Fund Service Provider**" means, in respect of any Reference Fund, any person who is appointed to provide services, directly or indirectly, in respect of that Reference Fund, whether or not specified in the Fund Documents, including any Fund Adviser, Fund Administrator, operator, management company, depository, custodian, sub custodian, prime broker, administrator, trustee, registrar and transfer agent, domiciliary agent, auditor and any other person specified as such in the applicable Final Terms.

### **(c) Principal definitions applicable to Valuation**

"**Averaging Date**" means, in respect of each Valuation Date, each date specified or otherwise determined as provided in the applicable Final Terms or (i) in respect of any Fund Interest for which Reported Value Method is applicable, if such date is not a Fund Business Day, the next following Fund Business Day and (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, if such day is not a Currency Business Day, the next following Currency Business Day.

"**Currency Business Day**" means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for the relevant Specified Currency or, if the Specified Currency is euro, any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) system is open.

"**Cut-off Period**" means, in respect of any Valuation Date or Averaging Date, as the case may be, the period specified as such in the applicable Final Terms, or if no such period is specified, a period of one calendar year ending on the first anniversary of such Valuation Date or Averaging Date, as the case may be; provided that if a "Final Cut-off Date" is specified in the applicable Final Terms, then any Cut-off Period that would otherwise end after such Final Cut-off Date shall end on such Final Cut-off Date.

"**Final Cut-off Date**" means the date, if any, specified as such in the applicable Final Terms.

## *Funds Technical Annex*

**"Fund Business Day"** means any day specified as such in the applicable Final Terms or, otherwise, any day the Reference Fund or the primary Fund Administrator, acting on behalf of the Reference Fund, is open for business.

**"Fund Valuation Date"** means, with respect to any Fund Interest and a Valuation Date or Averaging Date, as applicable, a date as of which the related Reference Fund (or a Fund Service Provider that generally determines such value) determines the value of such Fund Interest or, if the related Reference Fund only reports its aggregate net asset value, a date as of which such Reference Fund determines its aggregate net asset value in relation to such Valuation Date or Averaging Date, as applicable.

**"Hypothetical Investor"** means, unless otherwise specified in the applicable Final Terms, with respect to any Fund Interest, a hypothetical investor in such Fund Interest located in the Hypothetical Investor Jurisdiction and deemed: (i) to have the benefits and obligations, as provided under the Fund Documents, of an investor holding, as of the related Reference Fund Subscription Date, an interest in the relevant Reference Fund in an amount equal to the number of Fund Interest Units or amount of the Fund Interest; (ii) in the case of any deemed investment in such Fund Interest, to have submitted, on the relevant Subscription Notice Date, a duly completed notice to the relevant Reference Fund, requesting subscription to the relevant number of Fund Interest Units or amount of the Fund Interest; and (iii) in the case of any deemed redemption of such Fund Interest or amount of the Fund Interest, to have submitted to the relevant Reference Fund on the relevant Redemption Notice Date a duly completed notice requesting redemption of the relevant number of Fund Interest Units or amount of the Fund Interest.

**"Hypothetical Investor Jurisdiction"** means the jurisdiction of organisation or formation, as applicable, of the relevant Hedging Party, unless otherwise specified in the applicable Final Terms.

**"Redemption Notice Date"** means, with respect to any Fund Interest and any Valuation Date or Averaging Date, the date specified as such in the applicable Final Terms, or if no such date is specified, the last date on which a Hypothetical Investor in such Fund Interest would be permitted, pursuant to the Fund Documents of the related Reference Fund, to submit a redemption notice that would be timely for a redemption as of the relevant Valuation Date or Averaging Date, as applicable.

**"Redemption Payment Date"** means, with respect to any Fund Interest and any Valuation Date or Averaging Date, as applicable, each date on which the related Reference Fund actually pays all or the specified portion of the Redemption Proceeds to a Hypothetical Investor that has submitted a timely and valid notice for redemption of such Fund Interest as of such Valuation Date or Averaging Date, as applicable.

**"Redemption Proceeds"** means, with respect to the relevant number of Fund Interest Units or amount of any Fund Interest, the redemption proceeds, as determined by the Calculation Agent, that would be paid by the related Reference Fund to a Hypothetical Investor who, as of the relevant Valuation Date or Averaging Date, as applicable, redeems such amount of such Fund Interest; provided that (i) any such proceeds that would be paid in property other than cash shall be valued by the Calculation Agent in its sole and absolute discretion by reference to such source(s) as it determines appropriate (and may be assigned the value of zero) and (ii) if the Hypothetical Investor would be entitled to elect payment of such redemption proceeds to be made either in the form of cash or other property, the Hypothetical Investor shall be deemed to have elected cash payment, except as otherwise specified in the applicable Final Terms.

**"Reference Fund Subscription Date"** means the date specified as such in the applicable Final Terms or, if no such date is specified, with respect to any Fund Interest, the day as of which a request by a Hypothetical Investor for subscription to such Fund Interest that has been submitted on the related Subscription Notice Date and in a form and substance acceptable to the related Reference Fund would be considered effective by the Reference Fund.

**"Reported Fund Interest Value"** means, with respect to the relevant number of Fund Interest Units or amount of any Fund Interest and a Valuation Date or Averaging Date, as applicable, relating to such Fund Interest, the

## *Funds Technical Annex*

value of such number of Fund Interest Units or amount of such Fund Interest as of the related Fund Valuation Date or, if the related Reference Fund reports only its aggregate net asset value, the portion of such Reference Fund's aggregate net asset value relating to such number of Fund Interest Units or amount of such Fund Interest as of the related Fund Valuation Date, in each case as reported on the related Fund Reporting Date by (i) the Fund Service Provider that generally reports such value on behalf of the Reference Fund to its investors or a publishing service (ii) the Fund Administrator or (iii) any other relevant entity, as determined by the Calculation Agent in its sole and absolute discretion, unless otherwise specified in the applicable Final Terms.

**"Settlement Price"** means, in relation to a Valuation Date or Averaging Date, as the case may be, in respect of a Fund Interest, the price per related Fund Interest Unit determined by the Calculation Agent either as provided in the applicable Final Terms, or otherwise either:

- (i) in respect of any Fund Interest to which the Reported Value Method is applicable, the Settlement Price shall be the Reported Fund Interest Value per related Fund Interest Unit determined in relation to the Valuation Date or Averaging Date, as the case may be *provided that* the Calculation Agent may in its sole and absolute discretion: (A) adjust the Reported Fund Interest Value to reflect, without duplication, the relevant portion per Fund Interest Unit of: (x) such fees and costs as would be charged to the Hypothetical Investor pursuant to the Fund Documents, (y) such other fees as are specified as 'Redemption Fees' in the applicable Final Terms, and (z) the Redemption Proceeds relating to such Fund Interest Unit, in each case in connection with a deemed redemption as of the relevant Valuation Date or Averaging Date, as the case may be, of all Fund Interest Units that are subject to valuation; and (B) if the Calculation Agent determines that no adjustment that it could make under (A) will produce a commercially reasonable result, it may elect that Deemed Payout Method shall apply; and
- (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, the Settlement Price per Fund Interest Unit in respect of a Valuation Date or Averaging Date, as the case may be, shall be an amount equal to the Redemption Proceeds relating to such Fund Interest Unit that would be received by the Hypothetical Investor in such Fund Interest in connection with a redemption of all Fund Interest Units that are subject to valuation during the relevant Cut-off Period in relation to such Valuation Date or Averaging Date, as the case may be.

**"Subscription Notice Date"** means, with respect to any Fund Interest and any Reference Fund Subscription Date, the date specified as such in the applicable Final Terms or, if no such date is specified, the last date on which a notice to subscribe to such Fund Interest may be submitted pursuant to the Fund Documents of the related Reference Fund and be considered effective as of such Reference Fund Subscription Date. If the applicable Final Terms does not specify a Subscription Notice Date or a Reference Fund Subscription Date, the Subscription Notice Date shall be deemed to be the Trade Date.

**"Trade Date"** means the date as specified in the applicable Final Terms.

**"Valuation Date"** means (i) in respect of any Fund Interest to which Reported Value Method is applicable, each date specified as such or otherwise determined as provided in the applicable Final Terms (or, if such date is not a Fund Business Day, the next following Fund Business Day); and (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, each date specified as such or otherwise determined as provided in the applicable Final Terms (or, if such date is not a Currency Business Day, the next following Currency Business Day).

**(d) Other Definitions applicable to Valuation**

**"Fund Reporting Date"** means, with respect to any Fund Interest and Fund Valuation Date, the date on which the Reported Fund Interest Value of such Fund Interest, as determined as of such Fund Valuation Date, is reported or published.

## *Funds Technical Annex*

**"Redemption Valuation Date"** means, with respect to any Fund Interest and any Scheduled Redemption Valuation Date, the date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) would determine the net asset value of such Fund Interest for purposes of calculating the Redemption Proceeds to be paid to a Hypothetical Investor that had submitted a valid notice for redemption on or before the related Redemption Notice Date.

**"Scheduled Fund Valuation Date"** means, with respect to any Fund Interest, a date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to its Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests), to determine the value of such Fund Interest or, if the related Reference Fund only reports its aggregate net asset value, the date as of which the Reference Fund is scheduled to determine aggregate net asset value.

**"Scheduled Redemption Payment Date"** means the date specified as such in the applicable Final Terms or if no date is so specified, with respect to any Fund Interest and any Scheduled Redemption Valuation Date, the date by which the related Reference Fund is scheduled to have paid, according to its Fund Documents, all or a specified portion of the Redemption Proceeds to a Hypothetical Investor that has submitted a timely and valid notice requesting redemption of such Fund Interest as of such Scheduled Redemption Valuation Date.

**"Scheduled Redemption Valuation Date"** means, with respect to any Fund Interest, the date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to its Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests), to determine the net asset value of such Fund Interest for purposes of calculating the redemption proceeds to be paid to an investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date. The Scheduled Redemption Valuation Date relating to any Valuation Date or Averaging Date, as the case may be, shall be the date specified as such in the applicable Final Terms, or if no such date is specified, the Scheduled Redemption Valuation Date occurring (i) if the Reported Value Method is applicable, on such Valuation Date or Averaging Date, as the case may be, or if no Scheduled Redemption Valuation Date is occurring on such Valuation Date or Averaging Date, the immediately preceding Scheduled Redemption Valuation Date, or (ii) if Deemed Payout Method is applicable, the Scheduled Redemption Valuation Date for which the Scheduled Redemption Payment Date falls on or immediately prior to such Valuation Date or Averaging Date.

**"Scheduled Valuation Date"** means any original date that, but for the occurrence of an event causing a Fund Disrupted Day, would have been a Valuation Date.

**"Settlement Cycle"** means the period specified as such in the applicable Final Terms, or, if no period is so specified, (i) in respect of any Fund Interest to which Reported Value Method is applicable, the period of Currency Business Days from, and including, any Scheduled Redemption Valuation Date to, and including, the related Scheduled Redemption Payment Date, and (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, two (2) Currency Business Days.

**"Valid Date"** means: (i) in respect of Fund Interests to which Reported Value Method is applicable, a Fund Business Day; and (ii) in respect of Fund Interests to which Deemed Payout Method is applicable, a Currency Business Day, in each case that is not a Fund Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur.

**"Valuation Time"** means the time specified as such in the applicable Final Terms or, if no such time is specified, (i) in respect of a Fund Interest to which Reported Value Method is applicable, the time as of which the Reported Fund Interest Value is determined, and (ii) in respect of a Fund Interest to which Deemed Payout Method is applicable, the close of business in the Hypothetical Investor Jurisdiction on the relevant Valuation Date or Averaging Date, as the case may be.

## *Funds Technical Annex*

### (e) **Other Definitions, including Definitions applicable to Disruption**

**"Additional Extraordinary Fund Event"** means any event specified as such in the applicable Final Terms and each event specified in Fund Linked Condition 6.1(a) if such Condition applies. The Calculation Agent shall make all determinations in respect of Additional Extraordinary Fund Events, including decisions as to materiality, in its sole and absolute discretion.

**"Adviser Resignation Event"** means, in respect of any Reference Fund, (i) the resignation, termination, or replacement of a Fund Adviser, any Fund Service Provider or (ii) the resignation, replacement or death of any Key Person or cessation or termination of any Key Person's appointment by or employment with the Reference Fund or any relevant entity in relation to the Reference Fund, in each case unless immediately replaced by another adviser or service provider acceptable to the Calculation Agent.

**"Affiliate"** means, in relation to any person, any entity (the **"First Entity"**) controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For such purposes, **"control"** of any entity or person means ownership of a majority of the voting power of the entity or person or, if the Calculation Agent determines appropriate, control may include the power to direct or cause the direction of the management and policies of the First Entity, whether by contract, or otherwise.

**"Change in Law"** means that, on or after the Trade Date, (i) due to the adoption of or any change in any applicable law or regulation, including without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (A) it has become illegal for the Hedging Party to hold, acquire or dispose of Fund Interests; or (B) the Hedging Party will incur a materially increased cost in performing its obligations in respect of hedging arrangements in relation to the Notes (including without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"De-Listing"** means, in respect of any Fund Interest Units which are listed on any stock exchange (an **"Exchange"**), the relevant Exchange announces that pursuant to the rules of such Exchange, such Fund Interests Units cease (or will cease) to be listed, traded or publicly quoted on that Exchange for any reason and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as that Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

**"Extraordinary Dividend"** means an amount per relevant Fund Interest Unit or other amount of Fund Interest which the Calculation Agent determines appropriate to characterise as an extraordinary dividend.

**"Extraordinary Fund Event"** means, Nationalisation, Insolvency, Fund Insolvency Event, Adviser Resignation Event, Strategy Breach, Reporting Disruption, Change in Law, Fund Modification, Fund Hedging Disruption, Increased Cost of Hedging, Regulatory Action, Fund Disruption Event, Fund Adviser Event, Fund Service Provider Event, Fund Administrator Disruption, Holding Ratio Change, Merger Event, De-Listing, NAV Trigger Event, Notice Period Extension, Related Agreement Termination and/or any other event which, in the sole and absolute discretion of the Calculation Agent, has an analogous effect to any of the events specified above. The Calculation Agent shall make all determinations, including decisions as to materiality, in its sole and absolute discretion.

**"Fund Administrator Disruption"** means any event or circumstances compromising the independence of a Fund Administrator from the relevant Fund Adviser.

**"Fund Adviser Event"** means that the Calculation Agent determines that over a period of twelve (12) months, the total value of the assets managed by the Fund Adviser (including in relation to the Reference Fund) has

## *Funds Technical Annex*

decreased by fifty per cent. (50%) (either due to redemptions or decrease in the value of such assets or otherwise).

**"Fund Disrupted Day"** means any day on which a Fund Disruption Event has occurred or is continuing.

**"Fund Disruption Event"** means, unless otherwise specified in the applicable Final Terms, in respect of any Fund Interest, the occurrence or existence of a Fund Valuation Disruption or a Fund Settlement Disruption.

**"Fund Hedging Disruption"** means, with respect to a Fund Linked Note, that the Hedging Party is unable, or it is impractical for the Hedging Party, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to such Fund Interest of entering into and performing its obligations with respect to such Fund Linked Note, or (ii) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (A) any restrictions or increase in charges or fees imposed by the relevant Reference Fund on any investor's ability to redeem the Fund Interest, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Fund Interest, or (B) any mandatory redemption, in whole or in part, of such Fund Interest imposed by the relevant Reference Fund (in each case other than any restriction in existence on the date on which such Fund Interest was first included as a Fund Interest in relation to the Notes).

**"Fund Insolvency Event"** means any Fund Interest or related Reference Fund or any Fund Service Provider, as applicable, (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger), (ii) makes a general assignment or arrangement with or for the benefit of the creditors; (iii) (A) institutes or has instituted against it, by a regulator, supervisor or any other similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or other similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation and such proceeding or petition is instituted or presented by a person or entity not described in (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (iv) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (v) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter, or (vi) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) through (v) above.

**"Fund Modification"** means any change or modification of the related Fund Documents that could reasonably be expected to affect the value of such Fund Interest or the rights or remedies of any holders thereof (in each case as determined by the Calculation Agent) from those prevailing on the date the relevant Fund Interest was first included as a Fund Interest in relation to the Notes.

**"Fund Service Provider Event"** means (i) a change of control or indirect control of any Fund Service Provider or (ii) in the reasonable opinion of the Calculation Agent, a Fund Service Provider is no longer able to carry out its business with the standard of care which was prevailing as of the Trade Date. For the purpose of this definition, **"control"** has the same meaning as in the definition of "Affiliate" above.



## *Funds Technical Annex*

**"Fund Settlement Disruption"** means, in respect of a Fund Interest and any day, a failure by the Reference Fund to pay all or part of the full amount (whether expressed as a percentage or otherwise) of the Redemption Proceeds with respect to the relevant number of Fund Interest Units or amount of such Fund Interest scheduled to have been paid on or by such day according to the Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests).

**"Fund Valuation Disruption"** means the failure of a Valuation Date or Averaging Date, as applicable, to be a valuation date in respect of the Fund Interest or any continued postponement of such valuation date.

**"Hedging Party"** means at any relevant time, the Issuer or any of its Affiliates or any other party providing the Issuer directly or indirectly with hedging arrangements in relation to the Notes as the Issuer may select at such time.

**"Holding Ratio Change"** means the reduction of the Reference Fund's aggregate net asset value under an amount that, in the determination of the Calculation Agent, has, or is likely to have, a material adverse effect on the performance or management of the Reference Fund or would increase the proportion of the Fund Interest Units held, or likely to be held, by the Hedging Party, to the extent that the full redemption of the Fund Interest Units held by the Hedging Party is likely to be delayed or become subject to "gating" by the Reference Fund.

**"Increased Cost of Hedging"** means that the Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to any Fund Interest of entering into and performing its obligations with respect to hedging arrangements in relation to the Notes; or (ii) realise, recover, remit the proceeds of any such transaction(s) or asset(s) provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Hedging Party shall not be deemed an Increased Cost of Hedging.

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Reference Fund, (i) all the Fund Interests of that Reference Fund are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Fund Interests of that Reference Fund become legally prohibited from transferring or redeeming them.

**"Key Person"** means, in relation to a Reference Fund, each person specified as such in the applicable Final Terms.

**"Merger Date"** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**"Merger Event"** means, in respect of any relevant Fund Interest Units, or Reference Fund (as applicable), any:

- (i) reclassification or change of such Fund Interest Units that results in a transfer of or an irrevocable commitment to transfer all of such Fund Interest Units outstanding to another entity or person;
- (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Reference Fund with or into another entity or person;
- (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. (100%) of the outstanding Fund Interest Units of the relevant Reference Fund that results in a transfer of or an irrevocable commitment to transfer all

## ***Funds Technical Annex***

such Fund Interest Units (other than such Fund Interest Units owned or controlled by such other entity or person); or

- (iv) consolidation, amalgamation, merger or binding share exchange of the Reference Fund or its subsidiaries, as the case may be, with or into another entity in which the Reference Fund is the continuing entity and which does not result in a reclassification or change of all such Fund Interest Units outstanding but results in the outstanding Fund Interest Units (other than Fund Interest Units owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. (50%) of the outstanding Fund Interest Units immediately following such event,

in each case if the Merger Date is on or before the last occurring Valuation Date and/or last occurring Averaging Date.

**"Nationalisation"** means that all the Fund Interests or all or substantially all the assets of a Reference Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**"NAV Trigger Event"** means, in respect of any Fund Interest, that (i) the Reported Fund Interest Value has decreased by 30.00 per cent. or more since the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date, or (ii) the related Reference Fund has violated any leverage restriction that is applicable to, or affecting, such Reference Fund or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the Fund Documents or any contractual restriction binding on or affecting the Reference Fund or any of its assets.

**"Notice Period Extension"** means, in respect of any Reference Fund, any increase in the notice period in respect of subscription for, or redemption of Fund Interest Units or a decrease in the frequency with which Fund Interest Units can be redeemed or subscribed for.

**"Potential Adjustment Event"** means any of the following:

- (i) a subdivision, consolidation or reclassification of the relevant number of Fund Interest Units or amount of Fund Interest, or a free distribution or dividend of any such Fund Interest to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Fund Interest of (A) an additional amount of such Fund Interest, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Reference Fund equally or proportionately with such payments to holders of such Fund Interest, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Reference Fund as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an Extraordinary Dividend;
- (iv) a repurchase by the Reference Fund of relevant Fund Interests whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of Fund Interests initiated by an investor in such Fund Interests that is consistent with the Fund Documents; or
- (v) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units or amount of Fund Interest.

## *Funds Technical Annex*

**"Regulatory Action"** means, with respect to any Fund Interest:

- (i) any cancellation, suspension or revocation of the registration or approval of such Fund Interest or the related Reference Fund by any governmental, legal or regulatory entity with authority over such Fund Interest or Reference Fund;
- (ii) any change in the legal, tax, accounting, or regulatory treatments of the relevant Reference Fund or its Fund Adviser that is reasonably likely to have an adverse impact on the value of such Fund Interest or on any investor therein (as determined by the Calculation Agent); or
- (iii) the related Reference Fund or any of its Fund Administrator or Fund Adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Reference Fund, Fund Administrator or Fund Adviser.

**"Related Agreement"** means any existing agreement or arrangement relating to (i) hedging arrangements in connection with the Notes, or (ii) any other arrangements the Reference Fund or any Fund Service Provider has with the Issuer and/or Hedging Party and any such agreement or arrangement may relate to, without limitation, dealing fees, liquidity or licensing.

**"Related Agreement Termination"** means the Reference Fund or any Fund Service Provider in respect of such Reference Fund is in breach of or has terminated any Related Agreement.

**"Removal Date"** means, in respect of an Affected Fund Interest, the date on which the Calculation Agent determines that a Hypothetical Investor would receive the Removal Value in respect of a redemption or realisation of such Affected Fund Interest (including any related non-monetary assets as referred to in the definition of Removal Value) effected as soon as reasonably practicable following the occurrence of the relevant Extraordinary Fund Event or Additional Extraordinary Fund Event, as applicable.

**"Removal Value"** means, in respect of an Affected Fund Interest, the amount that the Calculation Agent determines a Hypothetical Investor would receive on the redemption or realisation of such Affected Fund Interest following the occurrence of the relevant Extraordinary Fund Event or Additional Extraordinary Fund Event, as applicable Provided That if any such redemption proceeds would comprise non-monetary assets the Removal Value shall include the amount (if any) that the Calculation Agent determines would be received by the Hypothetical Investor in respect of a realisation (in whatsoever manner the Calculation Agent determines appropriate) of such non-monetary assets as soon as reasonably practicable after their receipt.

**"Reporting Disruption"** means, in respect of any Fund Interest, (i) occurrence of any event affecting such Fund Interest that, in the sole and absolute determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Interest for the purposes of and at such time as the Calculation Agent is required to make such determination under the Notes (ii) any failure of the related Reference Fund to deliver, or cause to be delivered, (A) information that such Reference Fund has agreed to deliver, or cause to be delivered to the Calculation Agent, or (B) information that has been previously delivered to the Calculation Agent, in accordance with such Reference Fund's, or its authorised representative's, normal practice and that the Calculation Agent deems necessary for it to monitor such Reference Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to such Fund Interests.

**"Strategy Breach"** means any breach or violation of any strategy or investment guidelines stated in the related Fund Documents or any Related Agreement or otherwise published or notified by or on behalf of the Reference Fund or Fund Adviser, that is reasonably likely to affect the value of a Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent).

## *Funds Technical Annex*

### 6. EXCHANGE TRADED FUNDS (ETFs)

6.1 If "Exchange Traded Fund Provisions" are specified in the applicable Final Terms as being applicable, the following Additional Extraordinary Fund Events (each such term below as defined in the Equity Index Technical Annex containing Equity Index Linked Conditions for use in connection with Equity Index Linked Notes (the "**Equity Index Technical Annex**")) shall apply to the Notes, subject as set out in Fund Linked Condition 6.2 below:

- (a) Additional Disruption Event;
- (b) Index Cancellation;
- (c) Index Disruption;
- (d) Index Modification; and
- (e) the occurrence of a Disrupted Day.

6.2 For the purpose of the deemed inclusion in these Fund Linked Conditions of the defined terms from the Equity Index Technical Annex set out in Fund Linked Condition 6.1 above, such terms shall be construed in accordance with the Equity Index Technical Annex, save that (i) the terms Valuation Date, Averaging Date, Calculation Agent, Trade Date, Affiliate, Guarantor, Guarantee and Notes shall have the meanings given in the General Conditions, the applicable Final Terms and these Fund Linked Conditions and the term Relevant Time shall mean the Scheduled Closing Time as defined in the Equity Index Technical Annex, (ii) for the purposes of the definition of Market Disruption Event, the Notes will be deemed to be Notes relating to a single Index and the Calculation Agent shall determine whether the Index (as defined below) is a Composite Index, (iii) for the purposes of the definition of Related Exchange, "All Exchanges" shall be deemed to be specified in the applicable Final Terms, and (iv) the following terms shall have the meaning set out below:

**"Component Security"** means each and any component security of any Index.

**"Index"** means, subject to adjustment in accordance with these Fund Linked Conditions, the Underlying Index specified in the applicable Final Terms or any Successor Index and related expressions shall be construed accordingly.

**"Index Sponsor"** means, subject to adjustment in accordance with these Fund Linked Conditions, the Underlying Index Sponsor specified in the applicable Final Terms or any Successor Sponsor.

**"Initial Stock Loan Rate"** means, in respect of a Component Security comprised in an Index, the initial stock loan rate specified in relation to such Component Security in the applicable Final Terms or such other rate as notified to the Noteholders in accordance with General Condition 14 (*Notices*).

**"Hedging Party"** means the Issuer or any Affiliate(s) of the Issuer or any entity (or entities) acting on behalf of the Issuer in any underlying or hedging transactions relating to an Index and/or the Fund Interest in respect of the Issuer's obligations under the Notes.

**"Hedging Shares"** means the number of Component Securities comprised in an Index that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

**"Maximum Stock Loan Rate"** means, in respect of a Component Security comprised in an Index, the Maximum Stock Loan Rate specified in the applicable Final Terms or such other rate as notified to the Noteholders in accordance with General Condition 14 (*Notices*).

## *Funds Technical Annex*

"**Successor Index**" means, in the event that the Index is:

- (a) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (a "**Successor Sponsor**") acceptable to the Calculation Agent; or
- (b) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then in each case that index will be deemed to be a Successor Index.

- 6.3 The Notes are not sponsored, endorsed, sold or promoted by any Index or any Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. The Issuer (or, if applicable, the Guarantor) shall have no liability to the Noteholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date specified in the applicable Final Terms, neither the Issuer (or, if applicable, the Guarantor) nor its Affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Indices from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer (or, if applicable, the Guarantor), its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

## *Credit Technical Annex*

### CREDIT TECHNICAL ANNEX

#### ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

*The terms and conditions applicable to Credit Linked Notes shall comprise the General Terms and Conditions of the Notes (the "General Conditions") and the additional Terms and Conditions set out below (the "Credit Linked Conditions", together with the General Conditions, the "Conditions"), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Credit Linked Conditions, the Credit Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Credit Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail. Where Restructuring is specified in the applicable Final Terms as being an applicable Credit Event and Credit Linked Condition 12 (Credit Event Notice after Restructuring Credit Event) is applicable, there may be more than one Credit Event Determination Date in respect of the same Reference Entity as further described in Credit Linked Condition 12 (Credit Event Notice after Restructuring Credit Event) below. In addition, in the case of a Portfolio Credit Linked Note or a Portfolio Maturity Settled Credit Linked Note, there may be multiple Credit Event Determination Dates, but, other than as set out in the preceding sentence, only one Credit Event Determination Date in respect of each Reference Entity. A Credit Event Determination Date in respect of more than one Reference Entity may occur on any one date. For the avoidance of doubt, the provisions set out in these Credit Linked Conditions set out the mechanics that apply in respect of one Reference Entity and where applicable, shall apply severally to each Reference Entity for a Portfolio Credit Linked Note or a Portfolio Maturity Settled Credit Linked Note. References below to a numbered General Condition are to such numbered section of the General Conditions and references to a numbered Credit Linked Condition are to such numbered section as set out in this Technical Annex.*

Defined terms used in this Technical Annex where the same term may be used in another Technical Annex (e.g. Valuation Date) shall have the meanings given in this Technical Annex or in the section of the Final Terms relating to Credit Linked Notes.

#### 1. REDEMPTION OF CREDIT LINKED NOTES

Unless previously redeemed in whole or purchased and cancelled and subject to the provisions of this Technical Annex, each nominal amount of Notes equal to the Calculation Amount will be redeemed by the Issuer at its Outstanding Redemption Amount (which may be zero) on the Maturity Date.

For the purposes of Credit Linked Notes, "**Maturity Date**" means the latest to occur of:

- (i) the Scheduled Maturity Date;
- (ii) the last Credit Event Redemption Date capable of occurring;
- (iii) the fifth (5th) Business Day following the last Repudiation/Moratorium Evaluation Date capable of occurring;
- (iv) the last Grace Period Extension Date capable of occurring; and
- (v) the last Postponed Maturity Date capable of occurring. If Conditions to Settlement are satisfied during the Notice Delivery Period then (subject as provided in Credit Linked Condition 20 (*Variation of Settlement*)) (i) if Cash Settlement is specified in the applicable Final Terms, the provisions of Credit Linked Condition 2 (*Cash Settlement*) shall apply or (ii) if Physical Delivery is specified in the applicable Final Terms, the provisions of Credit Linked Condition 3 (*Physical Settlement*) shall apply, in respect of the relevant Credit Event.

## *Credit Technical Annex*

### 2. CASH SETTLEMENT

If (i) Cash Settlement is specified in the applicable Final Terms and (ii) Conditions to Settlement are satisfied during the Notice Delivery Period (such date of satisfaction, the "**Credit Event Determination Date**"), the Issuer shall give notice (such notice a "**Cash Settlement Notice**") to the Noteholders in accordance with General Condition 14 (*Notices*) of the occurrence of such Credit Event Determination Date and the details of the relevant Reference Entity, and:

- (a) in respect of Notes which are not Portfolio Maturity Settled Credit Linked Notes, redeem the Credit Event Portion of all but not some only of each Note equal to the Calculation Amount, at the Credit Event Redemption Amount specified in, or determined in the manner specified in the applicable Final Terms on the Credit Event Redemption Date; or
- (b) in respect of Notes which are Portfolio Maturity Settled Credit Linked Notes, redeem the aggregate of all Credit Event Portions (determined to and including the Maturity Date) of all but not some only of each Note equal to the Calculation Amount, at an amount equal to the aggregate of all Credit Event Redemption Amounts (determined to and including the Maturity Date) specified in, or determined in manner specified in the applicable Final Terms on the Maturity Date.

For the avoidance of doubt a Credit Event Determination Date shall occur upon satisfaction of the Conditions to Settlement during the Notice Delivery Period notwithstanding that the related Cash Settlement Notice may be given later, and in some cases significantly later, than the Credit Event Determination Date. Unless (i) otherwise stated in the applicable Final Terms or (ii) the Notes are Portfolio Credit Linked Notes or Portfolio Maturity Settled Credit Linked Notes, if more than one Reference Entity is specified in the applicable Final Terms, Conditions to Settlement may only be satisfied on one occasion and consequently a Credit Event Determination Date may only occur and a Cash Settlement Notice may only be delivered on one occasion. If Conditions to Settlement are satisfied in respect of more than one Reference Entity on the same date other than in the case of Portfolio Credit Linked Notes or Portfolio Maturity Settled Credit Linked Notes, the Calculation Agent shall determine in its sole and absolute discretion which Reference Entity is the Reference Entity in respect of which Conditions to Settlement are satisfied.

If the Notes are partially redeemed, each relevant Note or, if the Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such part redemption. If the Calculation Agent, at any time, determines that the aggregate nominal amount of the Notes is thereby reduced to zero, the Issuer's obligations in respect of such Notes shall immediately be discharged and the Issuer shall have no further liability in respect thereof.

***If Conditions to Settlement are satisfied and the Notes become redeemable in whole or in part in accordance with this Credit Linked Condition 2, upon payment of the Credit Event Redemption Amount(s) in respect of the Notes, the Issuer shall have discharged its obligations in respect of the relevant Credit Event Portion of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the Calculation Amount of a Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer or the Guarantor.***

### 3. PHYSICAL SETTLEMENT

If (i) Physical Delivery is specified in the applicable Final Terms and (ii) Conditions to Settlement are satisfied during the Notice Delivery Period (such date of satisfaction, the "**Credit Event Determination Date**"), the Issuer shall give notice (such notice a "**Notice of Physical Settlement**") to the Noteholders, in accordance with General Condition 14 (*Notices*), of the occurrence of such Credit Event Determination Date and the details of the relevant Reference Entity and redeem the Credit Event Portion of all but not some only of each Note equal to the Calculation Amount by Delivery of the Deliverable Obligations comprising the Asset Amount, subject to and in accordance with Credit Linked Conditions 7 (*Maturity Date Extension*) and 8 (*Physical Delivery*).

## *Credit Technical Annex*

If the Notes are partially redeemed, each relevant Note or, if the Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such part redemption. If the Calculation Agent, at any time, determines that the aggregate nominal amount of the Notes is thereby reduced to zero, the Issuer's obligations in respect of such Notes shall immediately be discharged and the Issuer shall have no further liability in respect thereof.

For the avoidance of doubt a Credit Event Determination Date shall occur upon satisfaction of the Conditions to Settlement during the Notice Delivery Period notwithstanding that the related Notice of Physical Settlement may be given later, and in some cases significantly later, than the Credit Event Determination Date.

In the Notice of Physical Settlement, the Issuer shall specify the Deliverable Obligations comprising the Asset Amount that it reasonably expects to Deliver. For the avoidance of doubt, the Issuer shall be entitled to select any of the Deliverable Obligations to constitute the Asset Amount, irrespective of their market value.

If "Restructuring Maturity Limitation and Fully Transferable Obligation" is specified as applying in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be included in the Asset Amount only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date.

If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applying in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be included in the Asset Amount only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

***If Conditions to Settlement are satisfied and the Notes become redeemable in whole or in part in accordance with this Credit Linked Condition 3, upon Delivery of the Deliverable Obligations Deliverable and/or payment of the Partial Cash Settlement Amounts, as the case may be, the Issuer shall have discharged its obligations in respect of the relevant Credit Event Portion of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The value of such Deliverable Obligations and/or the Partial Cash Settlement Amount may be less than the Calculation Amount of a Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer or the Guarantor.***

#### **4. INTEREST**

Each of the Notes will bear interest pursuant to and in accordance with General Condition 4 (Interest), provided that (i) for the purposes of determining the interest amounts in respect of Portfolio Credit Linked Notes and Portfolio Maturity Settled Credit Linked Notes, the aggregate outstanding nominal amount of the Notes shall be deemed to be the Weighted Average Outstanding Redemption Amount on the relevant Interest Payment Date and (ii) in the case of interest bearing Notes other than Portfolio Credit Linked Notes or Portfolio Maturity Settled Credit Linked Notes, if Conditions to Settlement are satisfied during the Notice Delivery Period, then (x) if "Accrual of Interest upon a Credit Event" is specified as Not Applicable in the applicable Final Terms, each Note shall cease to bear interest from the Interest Payment Date immediately preceding the Credit Event Determination Date, or if the Credit Event Determination Date is an Interest Payment Date such Interest Payment Date (but the Issuer shall only be obliged to make payment of such interest on the Credit Event Redemption Date or Physical Settlement Date, as applicable, and no further amount shall be payable in respect of any such delay) or, if the Credit Event Determination Date falls prior to the first Interest Payment Date, no interest shall accrue on the Notes; or (y) if "Accrual of Interest upon a Credit Event" is specified as being Applicable in the applicable Final Terms, each Note shall cease to bear interest from the Credit Event Determination Date.



## *Credit Technical Annex*

For the purposes of this Credit Linked Condition 4 (*Interest*):

**"Weighted Average Outstanding Redemption Amount"** means, on any Interest Payment Date, the quotient of (a) the sum of the Outstanding Redemption Amount determined in respect of each day in the immediately preceding Interest Period or Fixed Interest Period, as applicable (provided that for the purposes of this Credit Linked Condition 4 only, the Outstanding Redemption Amount shall be deemed to be reduced by each Credit Event Portion on the related Credit Event Determination Date, rather than the related Credit Event Redemption Date in respect of a Portfolio Credit Linked Note or the date on which the Final Price is calculated in respect of a Portfolio Maturity Settled Credit Linked Note) (as numerator) and (b) the actual number of days in such Interest Period or Fixed Interest Period, as applicable (as denominator).

### **5. REPUDIATION/MORATORIUM EXTENSION**

Where Repudiation/Moratorium is specified as a Credit Event in the applicable Final Terms, the provisions of this Credit Linked Condition 5 shall apply.

Where (i) Conditions to Settlement in respect of a Reference Entity have not been satisfied on or prior to the Scheduled Maturity Date and (ii) the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Maturity Date or, if Credit Linked Condition 7 (*Maturity Date Extension*) applies, the Postponed Maturity Date and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium will, in the sole determination of the Calculation Agent, fall after the Scheduled Maturity Date, then the Calculation Agent shall notify the Noteholders in accordance with General Condition 14 (*Notices*) that a Potential Repudiation/Moratorium has occurred, giving details of the relevant Reference Entity and:

- (i) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:
  - (A) Credit Linked Condition 1 (*Redemption of Credit Linked Notes*) shall apply; and
  - (B) in the case of interest bearing Notes only, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date (or, if none, the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; and
- (ii) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/ Moratorium Evaluation Date and Conditions to Settlement are satisfied in the Notice Delivery Period, the provisions of Credit Linked Condition 2 (*Cash Settlement*) or Credit Linked Condition 3 (*Physical Settlement*), as applicable, shall apply to the relevant Credit Event Portion of the Notes.

### **6. GRACE PERIOD EXTENSION**

If "Grace Period Extension" is specified as applying in the applicable Final Terms, the provisions of this Credit Linked Condition 6 shall apply.

Where (i) Conditions to Settlement in respect of a Reference Entity have not been satisfied on or prior to the Scheduled Maturity Date and (ii) a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Scheduled Maturity Date (and such Grace Period(s) is/are continuing as at the Scheduled Maturity Date), then:

## *Credit Technical Annex*

- (i) where a Failure to Pay has not occurred on or prior to the Grace Period Extension Date:
  - (A) Credit Linked Condition 1 (*Redemption of Credit Linked Notes*) shall apply; and
  - (B) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; and
- (ii) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and Conditions to Settlement are satisfied in the Notice Delivery Period, the provisions of Credit Linked Condition 2 (*Cash Settlement*) or Credit Linked Condition 3 (*Physical Settlement*), as applicable, shall apply to the relevant Credit Event Portion of the Notes.

### 7. MATURITY DATE EXTENSION

If:

- (x) on or prior to (A) the Scheduled Maturity Date or, (B), if applicable, the Repudiation/Moratorium Evaluation Date, or (C) if Grace Period Extension is specified as applying in the applicable Final Terms, the Grace Period Extension Date, as the case may be, Conditions to Settlement have not been satisfied but, in the opinion of the Calculation Agent, a Credit Event may have occurred; or
- (y) on or prior to the Scheduled Maturity Date, in the opinion of the Calculation Agent a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may notify the Noteholders in accordance with General Condition 14 (*Notices*) that the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, has been postponed to a date (such date the "**Postponed Maturity Date**") specified in such notice falling on the fifth (5th) Business Day immediately following the fourteenth (14th) calendar day after the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, and where in the case of Credit Linked Condition 7(x), Conditions to Settlement are not satisfied on or prior to the Postponed Maturity Date or, in the case of Credit Linked Condition 7(y), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Maturity Date:

- (i) Credit Linked Condition 1 (*Redemption of Credit Linked Notes*) shall apply; and
- (ii) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided herein accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (iii) where
  - (A) in the case of Credit Linked Condition 7(x), Conditions to Settlement are satisfied on or prior to the Postponed Maturity Date, the provisions of Credit Linked Condition 2 (*Cash Settlement*) or 3 (*Physical Settlement*) as applicable shall apply to the relevant Credit Event Portion of the Notes; or

## *Credit Technical Annex*

- (B) in the case of Credit Linked Condition 7(y), the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date, the provisions of Credit Linked Condition 5 (*Repudiation/Moratorium Extension*) shall apply to the relevant Credit Event Portion of the Notes.

### **8. PHYSICAL DELIVERY**

- (a) If any Credit Event Portion of a Credit Linked Note, other than a Credit Linked Note represented by a Rule 144A Global Note, is to be redeemed by delivery of the Asset Amount(s), in order to obtain delivery of the Asset Amount(s) in respect of any Credit Event Portion of a Note:

- (X) if such Note is represented by a Global Note, the relevant Noteholder must deliver to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Principal Paying Agent and the Calculation Agent no later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice in the form set out in the Agency Agreement; and
- (Y) if such Note is in definitive form, the relevant Noteholder must deliver (i) if this Note is a Bearer Note, to any Paying Agent or (ii) if this Note is a Registered Note, to the Registrar or any Paying Agent, in each case, with a copy to the Principal Paying Agent no later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice, a copy of which may be obtained from the Calculation Agent.

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be, or (ii) if such Note is in definitive form, in writing.

If this Note is in definitive form, this Note must be delivered together with the duly completed Asset Transfer Notice.

The Asset Transfer Notice shall:

- (i) specify the name, address and contact telephone number of the relevant Noteholder and the person from whom the Issuer may obtain details for the delivery of the Asset Amount;
- (ii) specify the series number of the Notes and the number of Notes which are the subject of such notice;
- (iii) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Noteholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such Notes and irrevocably instruct and authorise the relevant Clearance System to debit the relevant Noteholder's account with the Credit Event Portion of such Notes on or before the Physical Settlement Date;
- (iv) include an undertaking to pay all Delivery Expenses and, in the case of Notes represented by a Global Note, an authority to debit a specified account of the Noteholder with Euroclear or Clearstream, Luxembourg, as the case may be in respect thereof and to pay such Delivery Expenses;
- (v) include such details as are required for delivery of the Asset Amount which may include account details and/or the name and address of any person(s) into whose name evidence of the Asset Amount is to be registered and/or any bank, broker or agent to whom documents evidencing the Asset Amount are to be delivered and specify the name and number of the Noteholder's account to be credited with any cash payable by the Issuer;
- (vi) certify that the beneficial owner of each Note is not a U.S. person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a U.S. person and no

## *Credit Technical Annex*

cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof;

(vii) authorise the production of such certification in any applicable administrative or legal proceedings, all as provided in the Agency Agreement.

(b) The Issuer shall give notice to Noteholders prior to the relevant Physical Settlement Date of the Deliverable Obligations comprising the Asset Amount that it reasonably expects to Deliver. For the avoidance of doubt, the Issuer shall be entitled to select any of the Deliverable Obligations to constitute the Asset Amount, irrespective of their market value and may substitute any Deliverable Obligations specified in the relevant notice on or prior to the Physical Settlement Date without giving notice thereof.

(c) Verification of the Noteholder

In the case of Notes represented by a Global Note, upon receipt of an Asset Transfer Notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person delivering the Asset Transfer Notice is the holder of the Notes described therein according to its records. Subject thereto, Euroclear or Clearstream, Luxembourg, as the case may be, will confirm to the Principal Paying Agent the series number and number of Notes the subject of such notice, the relevant account details and the details for the delivery of the Asset Amount of each Note. Upon receipt of such confirmation, the Principal Paying Agent will inform the Issuer thereof. Euroclear or Clearstream, Luxembourg, as the case may be, will on or before the Physical Settlement Date, debit the securities account of the relevant Noteholder with the Credit Event Portion of the relevant Notes.

(d) Determinations and Delivery

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made, in the case of Notes represented by a Global Note, by Euroclear or Clearstream, Luxembourg, as the case may be, or, in the case of Notes in definitive form, by the relevant Paying Agent or the Registrar, as the case may be, in each case in consultation with the Principal Paying Agent, and shall be conclusive and binding on the Issuer, the Principal Paying Agent(s) and the relevant Noteholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Paying Agent immediately after being delivered or sent as provided in paragraph 1 above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of, in the case of Notes represented by a Global Note, Euroclear or Clearstream, Luxembourg, as the case may be, or, in the case of Notes in definitive form, by the relevant Paying Agent or the Registrar, as the case may be, in each case in consultation with the Principal Paying Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above.

No Asset Transfer Notice may be withdrawn after receipt thereof by the relevant Clearance System, the Registrar or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

The Asset Amount(s) will be delivered at the risk of the relevant Noteholder, in the manner provided below on the date fixed for redemption, provided that the Asset Transfer Notice is duly delivered as provided above on or prior to the Cut-Off Date.

If a Noteholder fails to give an Asset Transfer Notice as provided herein with a copy to the Principal Paying Agent, on or prior to the Cut-Off Date, then the Asset Amount(s) will be delivered as soon as practicable after the date fixed for redemption (in which case, such date of delivery shall be the Physical Settlement Date) at the risk of such Noteholder in the manner provided below *Provided That* if, in respect of a Note, a Noteholder fails to give an Asset Transfer Notice prior to the day falling 180 calendar days after the Cut Off Date, the

## *Credit Technical Annex*

obligations of the Issuer and the Guarantor in respect of such Notes shall be discharged and neither the Issuer nor the Guarantor shall have any liability in respect thereof. For the avoidance of doubt, in such circumstances such Noteholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Physical Settlement Date falling after the date fixed for redemption and no liability in respect thereof shall attach to the Issuer.

The Issuer shall at the risk of the relevant Noteholder, deliver or procure the delivery of the Asset Amount(s) for the relevant Credit Event Portion of each Note, pursuant to the details specified in the Asset Transfer Notice or in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice. All Delivery Expenses arising from the delivery of the Asset Amount in respect of the relevant Credit Event Portion of such Notes shall be for the account of the relevant Noteholder and no delivery of the Asset Amount(s) shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

(e) **General**

After delivery of an Asset Amount in respect of a Note and for the Intervening Period, none of the Issuer, the Guarantor, the Calculation Agent and any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of the securities or obligations included in such Asset Amount, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations included in such Asset Amount or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations included in such Asset Amount.

(f) In relation to each Deliverable Obligation constituting any Asset Amount, the Issuer will Deliver or procure the Delivery of the relevant Deliverable Obligation as provided below on the Physical Settlement Date provided that if all or some of the Deliverable Obligations included in the Asset Amount in respect of a Note are Undeliverable Obligations and/or Hedge Disruption Obligations, then the Issuer shall continue to attempt to Deliver or, if applicable, shall attempt to Deliver where possible all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, on or before the 65th Business Day following the Physical Settlement Date (the "**Final Delivery Date**"), provided further that if all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, are not Delivered by the Final Delivery Date the provisions of Credit Linked Condition 9 (*Partial Cash Settlement*) shall apply.

(g) If any Note represented by a Rule 144A Global Note is to be redeemed (in whole or in part) by delivery of an Asset Amount, the relevant provisions relating to such delivery shall be set out in the applicable Final Terms.

### **9. PARTIAL CASH SETTLEMENT**

If all or a portion of the Undeliverable Obligations or Hedge Disruption Obligations comprising an Asset Amount in respect of a Note are not Delivered by the Final Delivery Date, the Issuer shall give notice (a "**Partial Cash Settlement Notice**") to the Noteholders in accordance with General Condition 14 (*Notices*) and the Issuer shall pay in respect of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, the Partial Cash Settlement Amount on the Partial Cash Settlement Date.

In the Partial Cash Settlement Notice, the Issuer must give details of why it is unable to deliver the relevant Undeliverable Obligations or Hedge Disruption Obligation, as the case may be.

## *Credit Technical Annex*

Unless otherwise specified in the applicable Final Terms, for the purposes of this Credit Linked Condition 9 the following terms shall be defined as follows:

**"Full Quotation"** means, in relation to any Undeliverable Obligation and in accordance with the Quotation Method, each firm quotation expressed as a percentage obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, with an Outstanding Principal Balance equal to the Quotation Amount.

**"Indicative Quotation"** means, in accordance with the Quotation Method, each quotation obtained from a Quotation Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, equal to the Quotation Amount, which reflects such Quotation Dealer's reasonable assessment of the price of such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, based on such factors as such Quotation Dealer may consider relevant, which may include historical prices and recovery rates.

**"Market Value"** means, with respect to an Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the same highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are specified as applying in the applicable Final Terms and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and, if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (vi) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) then, subject to paragraph (b) of the definition of "Quotation" below, an amount as determined by the Calculation Agent on the next Business Day on which at least two Full Quotations or a Weighted Average Quotation or, if applicable, three Indicative Quotations are obtained; (vii) if two or more Full Quotations or a Weighted Average Quotation are not obtained or (if applicable) fewer than three Indicative Quotations are obtained, the Market Value shall be determined as provided in paragraph (b) of the definition of "Quotation" below; and (viii) if the Quotations are deemed to be zero, the Market Value shall be zero.

**"Partial Cash Settlement Amount"** is deemed to be, for each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, an amount calculated by the Calculation Agent equal to the greater of (i) (A) the Outstanding Principal Balance, the Due and Payable Amount or the Currency Amount, as applicable, of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, multiplied by (B) the Final Price with respect to such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, less if applicable (C) Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Asset Amount), and (ii) zero.

**"Partial Cash Settlement Date"** is deemed to be the date falling (3) three Business Days after the calculation of the Final Price with respect to such Undeliverable Obligations or Hedge Disruption Obligation, as the case may be.

**"Quotation"** means each Full Quotation, the Weighted Average Quotation and, if Indicative Quotations are specified as applying in the applicable Final Terms, each Indicative Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

## *Credit Technical Annex*

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day and Indicative Quotations are specified as applying in the applicable Final Terms, the Calculation Agent shall attempt to obtain three Indicative Quotations from five or more Quotation Dealers.
- (b) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are specified as applying in the applicable Final Terms, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day of, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.
- (c) The Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (d) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for purposes of determining the Final Price.

**"Quotation Amount"** is deemed to be, with respect to each type or issue of Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be.

**"Quotation Method"** is deemed to be Bid.

**"Reference Obligation"** is deemed to be each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be.

**"Valuation Method"** is deemed to be Highest unless fewer than two Full Quotations are obtained or a Weighted Average Quotation applies (or, if applicable, Indicative Quotations), in which case "Valuation Method" is deemed to be Market.

**"Valuation Time"** is the time specified as such in the applicable Final Terms, or, if no time is so specified, 11:00 a.m. in the principal trading market for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be.

**"Weighted Average Quotation"** means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable,

## *Credit Technical Annex*

each for an amount of the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount that in aggregate are approximately equal to the Quotation Amount.

### **10. REDEMPTION FOLLOWING A MERGER EVENT**

Where "Merger Event" is specified as applying in the applicable Final Terms, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may give notice to the Noteholders in accordance with General Condition 14 (*Notices*) and redeem each Note at the Early Redemption Amount on the Merger Event Redemption Date (as specified in the applicable Final Terms).

### **11. DEFINITIONS APPLICABLE TO CREDIT LINKED NOTES**

"**Accreted Amount**" means, with respect to an Accreting Obligation, an amount equal to (a) the sum of (i) the original issue price of such obligation and (ii) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (b) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (a)(ii) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Delivery Date or applicable Valuation Date, as the case may be. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent in its sole and absolute discretion) only if "Include Accrued Interest" is specified as being applicable in the applicable Final Terms. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such Obligation's yield to maturity is not specified in, nor implied from, the terms of such Obligation, then, for the purposes of (a)(ii) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Delivery Date or applicable Valuation Date, as the case may be. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

"**Accreting Obligation**" means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (a) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (b) periodic cash interest is also payable.

"**Additional Credit Event**" means, in respect of Notes, an event specified as such in the applicable Final Terms.

"**Affiliate**" means, in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **control** means ownership of a majority of the voting power of an entity (or, as the Calculation Agent determines a appropriate) an entity with the power to direct or cause the direction of the management and policies of the First Entity, whether by contract or otherwise.

"**Asset Amount**" means, in respect of each nominal amount of Notes equal to the relevant Credit Event Portion, Deliverable Obligations, as selected by the Calculation Agent in its sole and absolute discretion, with:



## *Credit Technical Annex*

- (a) the case of Deliverable Obligations that are Borrowed Money, an Outstanding Principal Balance (including accrued but unpaid interest (as determined by the Calculation Agent) if "Include Accrued Interest" is specified as applying in the applicable Final Terms, but excluding accrued but unpaid interest if "Exclude Accrued Interest" is specified as applying in the applicable Final Terms, and if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified as applying in the applicable Final Terms, excluding accrued but unpaid interest); or
- (b) in the case of Deliverable Obligations that are not Borrowed Money, a Due and Payable Amount,

(or, in the case of either (a) or (b), the equivalent Currency Amount of any such amount), in an aggregate amount as of the relevant Delivery Date equal to or greater than the relevant Credit Event Portion less, if Unwind Costs are specified as applying in the applicable Final Terms, Deliverable Obligations with a market value determined by the Calculation Agent in its sole and absolute discretion on the Business Day selected by the Calculation Agent falling during the period from and including the Credit Event Determination Date to and including the Delivery Date less than or equal to the Unwind Costs.

If an obligation by its terms represents or contemplates an obligation to pay an amount greater than the Outstanding Principal Balance of such obligation as of the Delivery Date as a result of the occurrence or non-occurrence of an event or circumstance, the Outstanding Principal Balance of such obligation shall not include any additional amount that would be payable upon the occurrence or non-occurrence of such event or circumstance.

**"Asset Transfer Notice"** means a duly completed asset transfer notice, a copy of which may be obtained from the Calculation Agent.

**"Bankruptcy"** means a Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof or before the Maturity Date, whichever is earlier;
- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter or before the Maturity Date, whichever is earlier; or

## *Credit Technical Annex*

- (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in clauses (a) to (g) (inclusive).

**"Best Available Information"** means:

- (i) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of "Successor", other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
- (ii) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, or which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of "Successor".

Information which is made available more than fourteen calendar days after the legally effective date of the Succession Event shall not constitute "Best Available Information".

**"Business Day"** means for the purposes of this Technical Annex only, a day which is a day on which commercial banks and foreign exchange markets are generally open to settle payments (including dealing in foreign exchange and foreign currency deposits) in the jurisdiction of the Credit Linked Specified Currency specified in the applicable Final Terms, and in respect of the Delivery of any Deliverable Obligations, shall include any day in any jurisdiction on which banks must be open in order to effect settlement of such Delivery.

**"Calculation Agent City Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City specified in the applicable Final Terms.

**"Clearance System"** has the meaning given in the General Conditions.

**"Conditionally Transferable Obligation"** means a Deliverable Obligation or Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation or Valuation Obligation, as the case may be, other than Bonds, provided, however, that a Deliverable Obligation or Valuation Obligation, as the case may be, other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation or Valuation Obligations, as the case may be, other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Deliverable Obligation or Valuation Obligations, as the case may be) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation or Valuation Obligations, as the case may be, provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation or Valuation Obligation, as the case may be, be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation or Valuation Obligation, as the case may be, shall not be considered to be a requirement for consent for purposes of this definition of "Conditionally Transferable Obligation".

## *Credit Technical Annex*

For purposes of determining whether a Deliverable Obligation or a Valuation Obligation, as the case may be, satisfies the requirements of the definition of "Conditionally Transferable Obligation", such determination shall be made as of the Delivery Date for the Deliverable Obligation or the date of selection of the relevant Valuation Obligation, as the case may be, taking into account only the terms of the Deliverable Obligation or the Valuation Obligation, as the case may be, and any related transfer or consent documents which have been obtained by the Issuer or the Guarantor, as the case may be.

**"Conditions to Settlement"** means the delivery by the Calculation Agent to the Issuer of a Credit Event Notice that is effective and if Notice of Publicly Available Information is specified as applying in the applicable Final Terms, a Notice of Publicly Available Information, that is effective, in each case, during the Notice Delivery Period.

**"Convertible Obligation"** means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**"Credit Event"** means the occurrence of any one or more of the Credit Events specified in the applicable Final Terms which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, or any Additional Credit Event specified in the applicable Final Terms, as determined by the Calculation Agent.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**"Credit Event Notice"** means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred at or after 12.01 a.m. Greenwich Mean Time (or Tokyo time for the purpose of Japanese Reference Entities) on the Effective Date and at or prior to 11.59 p.m., Greenwich Mean Time (or Tokyo time for the purpose of Japanese Reference Entities), on the latest of:

- (a) the Scheduled Maturity Date;
- (b) where "Grace Period Extension" is specified as applying in the applicable Final Terms, the Grace Period Extension Date if (i) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Maturity Date; and (ii) the Potential Failure to Pay with respect to such Failure to Pay occurs at or prior to 11.59 p.m., Greenwich Mean Time (or Tokyo time for the purpose of Japanese Reference Entities), on the Scheduled Maturity Date; and

## *Credit Technical Annex*

- (c) the Repudiation/Moratorium Evaluation Date if:
- (i) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Maturity Date;
  - (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs at or prior to 11.59 p.m., Greenwich Mean Time (or Tokyo time for the purpose of Japanese Reference Entities), on the Scheduled Maturity Date; and
  - (iii) the Repudiation/Moratorium Extension Condition is satisfied.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in General Condition 14 (*Notices*).

**"Credit Event Portion"** means, in the case of any Credit Event and in respect of each nominal amount of the Notes equal to the Calculation Amount, an amount equal to:

- (a) in the case of a Portfolio Credit Linked Note or a Portfolio Maturity Settled Credit Linked Note,
- (i) the Reference Amount of the Reference Entity in respect of which the Credit Event Notice has been given, expressed as a proportion of the aggregate of the Reference Amounts of all the Reference Entities specified in the Final Terms;
- multiplied by
- (ii) the Calculation Amount; or
- (b) in all other cases, 100 per cent. (100%) of the Calculation Amount.

**"Credit Event Redemption Amount"** means, in respect of a Credit Event, the amount specified as such in the applicable Final Terms or if no such amount is specified in the applicable Final Terms, an amount calculated by the Calculation Agent equal to:

$$(A \times B) - C$$

where:

"A" is the Credit Event Portion in relation to such Credit Event;

"B" is the Final Price in relation to the relevant Reference Obligation or (if specified as applicable in relation to the relevant Reference Entity in the applicable Final Terms) the relevant Valuation Obligation; and

"C" is Unwind Costs in relation to such Credit Event,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

**"Credit Event Redemption Date"** means the day falling the number of Business Days specified in the applicable Final Terms (or, if a number of Business Days is not so specified, three Business Days) after the calculation of the Final Price.

**"Currency Amount"** means, whenever an amount is denominated in a currency other than the Settlement Currency and is specified to be determined by reference to a Currency Amount, such amount converted to the relevant Settlement Currency using the Currency Rate.

## *Credit Technical Annex*

**"Currency Rate"** means:

- (a) the rate determined by the Calculation Agent equal to the rate of conversion of the currency of the Deliverable Obligation into the Settlement Currency by reference to:
  - (i) if the Settlement Currency is U.S. Dollars, the Federal Reserve Bank of New York 10:00 a.m. (New York time) mid point rate as displayed on Reuters page FEDSPOT on the date that the Notice of Physical Settlement is deemed given, or on such date and in such other commercially reasonable manner as it shall determine; or
  - (ii) if the Settlement Currency is euro, the MEAN price as displayed on Reuters Page EUROFX/1 as of 12:00 p.m. (London time) on the date that the Notice of Physical Settlement is deemed given, or on such date or in such other commercially reasonable manner as it shall determine; or
- (b) if the Settlement Currency is not U.S. Dollars or euro, the rate determined by the Calculation Agent in its sole and absolute discretion in a commercially reasonable manner.

**"Cut-off Date"** is the date as specified in the applicable Final Terms.

**"Default Requirement"** means the amount specified as such in the applicable Final Terms or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency or, if a Default Requirement is not specified in the applicable Final Terms, U.S.\$10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

**"Deliver"** means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Asset Amount(s) to the relevant Noteholder free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in (a) to (d) in the definition of "Credit Event" above or right of set-off by or of the Reference Entity or, as applicable, an Underlying Obligor); provided that if all or a portion of an Asset Amount consists of Direct Loan Participations, "Deliver" means to create (or procure the creation) of a participation in favour of the relevant Noteholder and to the extent that the Deliverable Obligations consist of Qualifying Guarantees, "Deliver" means to deliver both the Qualifying Guarantee and the Underlying Obligation. "Delivery" and "Delivered" will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for delivery of such Loan at that time.

**"Delivery Date"** means, with respect to a Deliverable Obligation, the date such Deliverable Obligation is Delivered.

**"Delivery Expenses"** means all costs, taxes, duties and/or expenses, including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the Delivery of the Asset Amount.

**"Deliverable Obligation"** means, subject as provided in Credit Linked Condition 3 (*Physical Settlement*):

- (a) any obligation of such Reference Entity (either directly, as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in sub-paragraph (d) "(A) Method for Determining Deliverable Obligations" below (but excluding any Excluded Deliverable Obligation specified in the applicable Final Terms) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any

## *Credit Technical Annex*

counterclaim, defense (other than a counterclaim or defense based on the factors set forth in paragraphs (a) to (d) of the definition of "Credit Event" above) or right of set off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;

- (b) subject to the second paragraph of the definition of "Not Contingent" in sub-paragraph (d) "(A)(2)(i) Method for Determining Deliverable Obligations" below, each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Deliverable Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defense (other than a counterclaim or defense based on the factors set forth in paragraphs (a) to (d) of the definition of "Credit Event" above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (d) any Additional Deliverable Obligation of a Reference Entity specified as such in the applicable Final Terms.

(A) Method for Determining Deliverable Obligations. For the purposes of this definition of "Deliverable Obligation", the term "Deliverable Obligation" may be defined as each obligation of each Reference Entity described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to (B)(3) below, having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, as of the Delivery Date. The following terms shall have the following meanings:

- (1) **"Deliverable Obligation Category"** means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in the definition of "Obligation" below, except that, for the purpose of determining Deliverable Obligations, the definition of "Reference Obligations Only" shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only).
- (2) **"Deliverable Obligation Characteristics"** means any one or more of Not Subordinated, Credit Linked Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of "Obligation" below), Not Contingent, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, where:
  - (i) **"Not Contingent"** means any obligation having as of the Delivery Date and all times thereafter an Outstanding Principal Balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of

## *Credit Technical Annex*

the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall constitute Deliverable Obligations that are Not Contingent if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Deliverable Obligation only if the rights referred to in clauses (A) and (B) of paragraph (i) above have not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date;

- (ii) "**Assignable Loan**" means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (iii) "**Consent Required Loan**" means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such loan) or any agent;
- (iv) "**Direct Loan Participation**" means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Noteholder and either (A) the Issuer or the Guarantor, as the case may be, (in either case, to the extent that the Issuer or the Guarantor, as applicable, is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);
- (v) "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:
  - (a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions

## *Credit Technical Annex*

promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or

- (b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;
- (vi) "**Maximum Maturity**" means an obligation that has a remaining maturity from the Physical Settlement Date of not greater than the period specified in the applicable Final Terms;
- (vii) "**Accelerated or Matured**" means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Delivery Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
- (viii) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream, Luxembourg or any other internationally recognised clearing system.

### (B) Interpretation of Provisions

- (1) If the Obligation Characteristic "Listed" is specified in the applicable Final Terms, the Final Terms shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category;
- (2) if (i) either of the Deliverable Obligation Characteristics "Listed" or "Not Bearer" is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Deliverable Obligation Category; (ii) the Deliverable Obligation Characteristic "Transferable" is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Deliverable Obligation Category); or (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Deliverable Obligation Category;
- (3) if any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that



### ***Credit Technical Annex***

satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics; and

- (4) in the event that an Obligation or a Deliverable Obligation is a Qualifying Guarantee, the following will apply:
- (i) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.
  - (ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Credit Linked Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Final Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
  - (iii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Qualifying Guarantee must satisfy on the relevant date the Obligation Characteristic or the Deliverable Obligation Characteristic of Not Subordinated, if specified in the applicable Final Terms.
  - (iv) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
  - (v) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
  - (vi) The terms "Outstanding Principal Balance" and "Due and Payable Amount" (as they are used in these Credit Linked Conditions, including without limitation, the definitions of "Partial Cash Settlement Amount" and "Quotation Amount" in Credit Linked Condition 9 (*Partial Cash Settlement*)), when used in connection with Qualifying Guarantees are to be interpreted to be the then "Outstanding Principal Balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

## ***Credit Technical Annex***

For the avoidance of doubt the provisions of this paragraph (B) apply in respect of the definitions of Obligation and Deliverable Obligation as the context admits.

**"Domestic Currency"** means the currency specified as such in the applicable Final Terms and any successor currency. If no currency is specified in the applicable Final Terms, the Domestic Currency shall be the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

**"Downstream Affiliate"** means an entity, at the date of the event giving rise to the Credit Event which is the subject of the Credit Event Notice, the Delivery Date (in the case of a Deliverable Obligation), the date of selection of the relevant Valuation Obligation (in the case of a Valuation Obligation) or the time of identification of a Substitute Reference Obligation (as applicable), whose outstanding Voting Shares are more than 50 per cent., owned, directly or indirectly, by the Reference Entity. "Voting Shares" shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**"Due and Payable Amount"** means subject as provided in sub-paragraph (4)(vi) of paragraph (B) (*Interpretation of Provisions*) in the definition of Deliverable Obligation (or Valuation Obligation if "Valuation Obligation" is specified as applicable in the relevant Final Terms), the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Date or a Valuation Obligation on the date of selection of the relevant Valuation Obligation, as the case may be, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

**"Effective Date"** has the meaning given in the applicable Final Terms.

**"Eligible Transferee"** means each of the following:

- (a)
  - (i) any bank or other financial institution;
  - (ii) an insurance or reinsurance company;
  - (iii) a mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in sub-paragraph (c)(i) below); and
  - (iv) a registered or licensed broker or dealer (other than a natural person or proprietorship),  
provided, however, that in each case such entity has total assets of at least U.S.\$500 million;
- (b) an Affiliate of an entity specified in the preceding sub-paragraph (a);
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
  - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least U.S.\$100 million or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least U.S.\$100 million; or
  - (ii) that has total assets of at least U.S.\$500 million; or

## *Credit Technical Annex*

- (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keep well, support, or other agreement by an entity described in sub-paragraphs (a), (b), (c)(ii) or (d); and
- (d) a Sovereign, Sovereign Agency or Supranational Organisation.

All references in this definition to U.S.\$ include equivalent amounts in other currencies.

**"Equity Securities"** means:

- (a) in the case of a Convertible Obligation, equity securities (including options and warrants) of the issuer of such obligation or depositary receipts representing equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and
- (b) in the case of an Exchangeable Obligation, equity securities (including options and warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time.

**"Exchangeable Obligation"** means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**"Excluded Deliverable Obligation"** means any obligation of a Reference Entity specified as such or of a type described in the applicable Final Terms.

**"Excluded Obligation"** means any obligation of a Reference Entity specified as such or of a type described in the applicable Final Terms.

**"Excluded Valuation Obligation"** means any obligation of a Reference Entity specified as such or of a type described in the applicable Final Terms.

**"Failure to Pay"** means after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure.

**"Final Price"** means the price of a Reference Obligation or Valuation Obligation, expressed as a percentage, determined in accordance with the Valuation Method specified in the applicable Final Terms or, where applicable, Credit Linked Condition 12 (*Credit Event Notice after Restructuring Credit Event*). The Calculation Agent shall as soon as practicable after obtaining all Quotations for a Valuation Date, make available for inspection by Noteholders at the specified office of the Agent and, for so long as the Notes are listed on the London Stock Exchange at the office of the Paying Agent in London (i) each such Quotation that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price.

**"Full Quotation"** means, in accordance with the Quotation Method, each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation or the relevant Valuation Obligation with an Outstanding Principal Balance equal to the Quotation Amount.

## *Credit Technical Annex*

**"Fully Transferable Obligation"** means a Deliverable Obligation or a Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required in the case of any Deliverable Obligation or a Valuation Obligation, as the case may be, other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation or a Valuation Obligation, as the case may be, be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation or a Valuation Obligation, as the case may be, shall not be considered as a requirement for consent for purposes of this definition of "Fully Transferable Obligation". For purposes of determining whether a Deliverable Obligation or a Valuation Obligation, as the case may be, satisfies the requirements of this definition of "Fully Transferable Obligation", such determination shall be made as of the Delivery Date for the relevant Deliverable Obligation or the date of selection of the relevant Valuation Obligation, as the case may be, taking into account only the terms of the Deliverable Obligation or the Valuation Obligation, as the case may be, and any related transfer or consent documents which have been obtained by the Issuer or the Guarantor, as the case may be.

**"Governmental Authority"** means any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

**"Grace Period"** means:

- (a) subject to paragraphs (b) and (c) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred;
- (b) if Grace Period Extension is specified as applying in the applicable Final Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the applicable Final Terms or, if no period is specified in the applicable Final Terms, thirty calendar days; and
- (c) if, at the later of the Trade Date and the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applying in the applicable Final Terms, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

**"Grace Period Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the Obligation Currency.

**"Grace Period Extension Date"** means, if:

- (a) Grace Period Extension is specified as applying in the applicable Final Terms; and
- (b) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date,

the day that is five Business Days following the day falling the number of days in the Grace Period after the date of such Potential Failure to Pay.

**"Hedge Disruption Event"** means in the opinion of the Calculation Agent any event as a result of which the Issuer and/or any of its Affiliates has not received the relevant Deliverable Obligations under the terms of any

## *Credit Technical Annex*

transaction entered into by the Issuer and/or any such Affiliate to hedge the obligations or position of the Issuer in respect of the Notes.

**"Hedge Disruption Obligation"** means a Deliverable Obligation included in the Asset Amount which, on the Physical Settlement Date for such Deliverable Obligation, the Calculation Agent determines cannot be Delivered as a result of a Hedge Disruption Event.

**"Intervening Period"** means such period of time as any person other than the relevant Noteholder shall continue to be registered as the legal owner of any securities or other obligations comprising an Asset Amount.

**"Japanese Default Requirement"** means, if the Specified Currency is Japanese Yen, JPY1,000,000,000, or in all other cases, U.S.\$10,000,000 or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event.

**"Japanese Payment Requirement"** means, if the Specified Currency of the Notes is Japanese Yen, JPY100,000,000, or in all other cases, U.S.\$1,000,000 or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency as of the occurrence of the Failure to Pay or Potential Failure to Pay, as applicable.

**"Japanese Reference Entity"** means a Reference Entity for which the jurisdiction of incorporation or organisation is Japan.

**"Market Value"** means, with respect to a Reference Obligation or Valuation Obligation on a Valuation Date:

- (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject as provided in the definition of Quotation, an amount as determined by the Calculation Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and
- (f) if fewer than two Full Quotations are obtained, no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) on the same Business Day on or prior to the tenth (10th) Business Day following the Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth (10th) Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation, Hedge Disruption Obligation or Valuation Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth (10th) Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

## *Credit Technical Annex*

**"Merger Event"** means that at any time during the period from (and including) the Trade Date to (but excluding) the Maturity Date the Issuer, the Guarantor or a Reference Entity (any such entity, the "**Mergor**") consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, (a) where the Mergor is the Issuer or the Guarantor, a Reference Entity or (b) where the Mergor is a Reference Entity, the Issuer or the Guarantor, or, the Guarantor and a Reference Entity or the Issuer and a Reference Entity become Affiliates.

**"Minimum Quotation Amount"** means the amount specified as such in the applicable Final Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) U.S.\$1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

**"Modified Eligible Transferee"** means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

**"Modified Restructuring Maturity Limitation Date"** means, with respect to a Deliverable Obligation or a Valuation Obligation, as the case may be, the date that is the later of (x) the Scheduled Maturity Date and (y) 60 months following the Restructuring Date in the case of a Restructured Bond or Loan, or 30 months following the Restructuring Date in the case of all other Deliverable Obligations or Valuation Obligations, as the case may be.

**"Multiple Valuation Date"** shall have the meaning specified in the definition of "Valuation Date" below.

**"Notice Delivery Period"** means the period from and including the Effective Date to and including (a) the Scheduled Maturity Date; (b) the Grace Period Extension Date if (i) "Grace Period Extension" is specified as applying in the related Final Terms, (ii) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Maturity Date, and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date; (c) the Repudiation/Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Maturity Date, (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date and (iii) the Repudiation/Moratorium Extension Condition is satisfied; or (d) the Postponed Maturity Date if the Maturity Date is postponed pursuant to Credit Linked Condition 7 (*Maturity Date Extension*).

**"Notice of Publicly Available Information"** means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both clauses (i) and (ii) of the definition of Repudiation/Moratorium. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applying in the applicable Final Terms and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Credit Linked Condition 18 (*Calculation Agent and Calculation Agent Notices*).

**"Obligation"** means:

- (a) any obligation of a Reference Entity (either directly, as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any

## *Credit Technical Annex*

Qualifying Guarantee) determined pursuant to the method described in "Method for Determining Obligations" below (but excluding any Excluded Obligation);

- (b) each Reference Obligation specified in the applicable Final Terms, unless specified as an Excluded Obligation; and
- (c) any Additional Obligation of a Reference Entity specified as such in the applicable Final Terms.

Method for Determining Obligations. For the purposes of paragraph (a) of this definition of "Obligation", the term "Obligation" may be defined as each obligation of each Reference Entity described by the Obligation Category specified in the applicable Final Terms, and having each of the Obligation Characteristics (if any) specified in the applicable Final Terms, in each case, as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice. The following terms shall have the following meanings:

- (A) **"Obligation Category"** means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the applicable Final Terms, where:
  - (1) **"Payment"** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
  - (2) **"Borrowed Money"** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
  - (3) **"Reference Obligations Only"** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
  - (4) **"Bond"** means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
  - (5) **"Loan"** means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
  - (6) **"Bond or Loan"** means any obligation that is either a Bond or a Loan.
- (B) **"Obligation Characteristics"** means any one or more of Not Subordinated, Credit Linked Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the applicable Final Terms, where:
  - (1) (a) **"Not Subordinated"** means an obligation that is not Subordinated to the most senior Reference Obligation in priority of payment or, if no Reference Obligation is specified in the applicable Final Terms, any unsubordinated Borrowed Money obligation of the Reference Entity. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic or Valuation Obligation Characteristic, the ranking in priority of payment of each Reference Obligation shall be determined as of the later of (1) the Trade Date specified in the applicable Final Terms and (2) the date on which such Reference Obligation was issued or incurred and shall not reflect any change to such ranking in priority of payment after such later date;

## *Credit Technical Annex*

- (b) "**Subordination**" means, with respect to an obligation (the "**Subordinated Obligation**") and another obligation of the Reference Entity to which such obligation is being compared (the "**Senior Obligation**"), a contractual, trust or other similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding-up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "**Subordinated**" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;
- (2) "**Credit Linked Specified Currency**" means an obligation that is payable in the currency or currencies specified as such in the applicable Final Terms (or, if Credit Linked Specified Currency is specified in the applicable Final Terms and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be referred to collectively in the applicable Final Terms as the "Standard Specified Currencies");
- (3) "**Not Sovereign Lender**" means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as "Paris Club debt";
- (4) "**Not Domestic Currency**" means any obligation that is payable in any currency other than the Domestic Currency;
- (5) "**Not Domestic Law**" means any obligation that is not governed by the laws of (a) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;
- (6) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (7) "**Not Domestic Issuance**" means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

"**Obligation Acceleration**" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event or default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.



## *Credit Technical Annex*

**"Obligation Currency"** means the currency or currencies in which the Obligation is denominated.

**"Obligation Default"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default, or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Outstanding Principal Balance"** means, subject as provided in sub-paragraph (4)(vi) of paragraph (B) (Interpretation of Provisions) in the definition of Deliverable Obligation or Valuation Obligation, as the case may be:

- (a) with respect to any Accreting Obligation, the Accreted Amount thereof; and
- (b) with respect to any other obligation, the outstanding principal balance of such obligation,

Provided That with respect to any Exchangeable Obligation that is not an Accreting Obligation, "Outstanding Principal Balance" shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**"Outstanding Redemption Amount"** means in respect of a Note or nominal amount equal to the Calculation Amount, on any day, the Final Redemption Amount specified in the applicable Final Terms for such Note *less* the aggregate of all Credit Event Portions of such Note determined pursuant to Credit Linked Condition 2 (*Cash Settlement*) or Credit Linked Condition 3 (*Physical Settlement*) (as applicable) determined up to and including such day.

**"Payment Requirement"** means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if a Payment Requirement is not specified in the applicable Final Terms, USD1,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**"Permitted Currency"** means (i) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership), or (ii) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof.

**"Physical Settlement Date"** means in relation to any Deliverable Obligation, the last day of the longest Physical Settlement Period following the satisfaction of Conditions to Settlement (the **"Scheduled Physical Settlement Date"**) *provided that*:

- (a) if a Hedge Disruption Event has occurred and is continuing on the second (2nd) Business Day immediately preceding the Scheduled Physical Settlement Date, the Physical Settlement Date shall be the earlier of (i) the second Business Day following the date on which no Hedge Disruption Event subsists and (ii) the day falling 65 Business Days following the Scheduled Physical Settlement Date; or
- (b) if such day is not a Relevant Clearance Business Day, it shall be postponed to the immediately following Relevant Clearance Business Day.

## *Credit Technical Annex*

**"Physical Settlement Period"** means the number of Business Days specified as such in the applicable Final Terms or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation comprising an Asset Amount, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent.

**"Portfolio Credit Linked Note"** means each Credit Linked Note indicated as such in the applicable Final Terms, where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities on a *pro rata* basis. Satisfaction of the Conditions to Settlement with respect to any of the Reference Entities will, unless otherwise specified in the Final Terms, result in a proportional redemption of the Notes pursuant to these Credit Linked Conditions, by cash or physical settlement, as specified in the applicable Final Terms.

**"Potential Failure to Pay"** means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations, in accordance with the terms of such Obligations at the time of such failure.

**"Portfolio Maturity Settled Credit Linked Note"** means each Credit Linked Note indicated as such in the applicable Final Terms and in respect of which Cash Settlement is specified as applicable in the Final Terms, where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities on a *pro rata* basis. Satisfaction of the Conditions to Settlement with respect to any of the Reference Entities will, unless otherwise specified in the applicable Final Terms, result in a reduction of the Outstanding Redemption Amount of the Notes on the date the related Final Price is calculated, provided that redemption of the Notes by cash settlement pursuant to these Credit Linked Conditions shall not occur until the Maturity Date.

**"Potential Repudiation/Moratorium"** means the occurrence of an event described in paragraph (i) of the definition of Repudiation/Moratorium.

**"Publicly Available Information"** means:

- (a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice has occurred and which:
  - (i) has been published in or not less than the Specified Number of Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information provided that, if either the Calculation Agent or the Issuer, the Guarantor or any of their respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the Calculation Agent or the Issuer, the Guarantor or any of their Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation;
  - (ii) is information received from or published by (A) a Reference Entity or, as the case may be, a Sovereign Agency in respect of a Reference Entity which is a Sovereign or (B) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or
  - (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (d) of the definition of Bankruptcy against or by a Reference Entity; or
  - (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.

## *Credit Technical Annex*

- (b) In the event that the Calculation Agent is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation and (ii) a holder of the Obligation with respect to which a Credit Event has occurred, the Calculation Agent shall be required to deliver to the Issuer a certificate signed by a Managing Director (or other substantially equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to a Reference Entity.
- (c) In relation to any information of the type described in paragraphs (a)(ii), (iii) and (iv) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the entity disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties.
- (d) Publicly Available Information need not state:
  - (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
  - (ii) that such occurrence:
    - (A) has met the Payment Requirement or Default Requirement;
    - (B) is the result of exceeding any applicable Grace Period; or
    - (C) has met the subjective criteria specified in certain Credit Events.

**"Public Source"** means each source of Publicly Available Information specified as such in the applicable Final Terms (or if a source is not specified in the applicable Final Terms, each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

**"Qualifying Affiliate Guarantee"** means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

**"Qualifying Guarantee"** means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **"Underlying Obligation"**) for which another party is the obligor (the **"Underlying Obligor"**) and that is not at the time of the Credit Event Subordinated to any unsubordinated Borrowed Money obligation of the Underlying Obligor (with references in the definition of Subordination to the Reference Entity deemed to refer to the Underlying Obligor). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being delivered together with the Delivery of the Underlying Obligation.

**"Qualifying Participation Seller"** means any participation seller that meets the requirements specified in the applicable Final Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller.

## *Credit Technical Annex*

**"Quotation"** means, in respect of any Valuation Obligation, each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation or Valuation Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.
- (b)
  - (i) If "Include Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest;
  - (ii) if "Exclude Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest; and
  - (iii) if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, the Calculation Agent shall determine based on the then current market practice in the market of the Reference Obligation or Valuation Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (c) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

**"Quotation Amount"** means the amount specified as such in the applicable Final Terms (which may be specified by reference to an amount in a currency or by reference to a Representative Amount) or, if no amount is specified in the applicable Final Terms, the Aggregate Nominal Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

**"Quotation Dealer"** means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained, including each Quotation Dealer specified in the applicable Final Terms. If no Quotation Dealers are specified in the applicable Final Terms, the Calculation Agent shall select the Quotation Dealers in its sole and absolute discretion. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

**"Quotation Method"** means the applicable Quotation Method specified in the applicable Final Terms by reference to one of the following terms:

- (a) **"Bid"** means that only bid quotations shall be requested from Quotation Dealers;
- (b) **"Offer"** means that only offer quotations shall be requested from Quotation Dealers; or

## *Credit Technical Annex*

- (c) **"Mid-market"** means that bid and offer quotations shall be requested from Quotation Dealers and shall be averaged for purposes of determining a relevant Quotation Dealer's quotation.

If a Quotation Method is not specified in the applicable Final Terms, Bid shall apply.

**"Reference Amount"** means the amount and the currency in which the Issuer has purchased credit protection from the Noteholders in respect of each Reference Entity, as specified in the applicable Final Terms.

**"Reference Entity"** means the entity or entities specified as such in the applicable Final Terms. Any Successor to a Reference Entity identified pursuant to the definition of **"Successor"** in this Credit Linked Condition 11 shall be a Reference Entity for the purposes of the relevant Series.

**"Reference Obligation"** means each obligation specified or of a type described as such in the applicable Final Terms (if any are so specified or described) and any Substitute Reference Obligation.

**"Relevant Clearance Business Day"** is a day which is:

- (a) a Business Day; and
- (b)
  - (i) where the Deliverable Obligations are Bonds, a day on which the relevant clearance system for settlement of the Bonds, is open for the acceptance and execution of settlement instructions other than a day on which such clearance system is scheduled to close prior to its regular weekday closing time; or
  - (ii) where the Deliverable Obligations are Loans, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the jurisdiction of the currency of denomination of the relevant Loan, or if such currency is euro, a day on which the TARGET2 System (as defined in the General Conditions) is open.

**"Relevant Obligations"** means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

**"Representative Amount"** means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent.

**"Repudiation/Moratorium"** means the occurrence of both of the following events:

- (i) an authorised officer of a Reference Entity or a Governmental Authority:
  - (x) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or
  - (y) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and

## *Credit Technical Annex*

- (ii) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

**"Repudiation/Moratorium Evaluation Date"** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date, (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is sixty (60) days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is sixty (60) days after the date of such Potential Repudiation/Moratorium.

**"Repudiation/Moratorium Extension Condition"** means the delivery of a Repudiation/Moratorium Extension Notice and, if specified as applicable in the applicable Final Terms, Notice of Publicly Available Information by the Calculation Agent to the Issuer that is effective during the period from and including the Trade Date to and including the Scheduled Maturity Date or, if Credit Linked Condition 7 applies, the Postponed Maturity Date.

**"Repudiation/Moratorium Extension Notice"** means an irrevocable notice (which may be by telephone) from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or after the Trade Date and on or prior to the Scheduled Maturity Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

**"Restructuring"** means, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between a Reference Entity or a Governmental Authority and a sufficient number of holders of the Obligation to bind all the holders of such Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (iii) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal or premium;
- (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

- (a) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;

## *Credit Technical Annex*

- (b) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (c) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

For purposes of the definition of Restructuring and Credit Linked Condition 13 (*Provisions relating to Multiple Holder Obligation*), the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the definition of Restructuring and the definition of Subordination shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity.

**"Restructured Bond or Loan"** means an Obligation which is a Bond or Loan and in respect of which the Restructuring that is the subject of a Credit Event Notice has occurred.

**"Restructuring Date"** means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**"Restructuring Maturity Limitation Date"** means the date that is the earlier of (x) thirty months following the Restructuring Date and (y) the latest final maturity date of any Restructured Bond or Loan, provided, however, that under no circumstances shall the Restructuring Maturity Limitation Date be earlier than the Scheduled Maturity Date or later than thirty months following the Scheduled Maturity Date and if it is, it shall be deemed to be the Scheduled Maturity Date or thirty months following the Scheduled Maturity Date, as the case may be.

**"Settlement Currency"** means the currency specified as such in the applicable Final Terms, or if no currency is specified in the applicable Final Terms, the Specified Currency of the Notes.

**"Single Valuation Date"** shall have the meaning as specified in the definition of "Valuation Date" below.

**"Sovereign"** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including without limiting the foregoing, the central bank) thereof.

**"Sovereign Agency"** means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

**"Sovereign Restructured Deliverable Obligation"** means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to paragraph (3) of "(B) Interpretation of Provisions" in the definition of "Deliverable Obligation", having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring.

**"Sovereign Restructured Valuation Obligation"** means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Valuation Obligation Category specified in the applicable Final Terms, and, subject to paragraph (C) of "(ii) Interpretation of Provisions" in the definition of "Valuation Obligation", having each of

## *Credit Technical Annex*

the Valuation Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Valuation Obligation Category or Valuation Obligation Characteristics after such Restructuring.

"**Specified Number**" means the number of Public Source(s) specified in the applicable Final Terms, or if no number is specified in the applicable Final Terms, two.

"**Standard Unwind Costs**" shall have the meaning as specified in the definition of "Unwind Costs" below.

"**Substitute Reference Obligation**" means any of (1) the relevant Substitute Reference Obligation(s) specified in the applicable Final Terms or (2) one or more obligations of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations in respect of such Reference Entity, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that:
  - (i) a Reference Obligation in respect of such Reference Entity is redeemed in whole; or
  - (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation in respect of such Reference Entity have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) any Reference Obligation in respect of such Reference Entity is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation in respect of a Reference Entity is no longer an obligation of such Reference Entity,

the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation in respect of a Reference Entity.

- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (1) ranks *pari passu* (or, if no such Obligation exists, then, at the option of the Issuer an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the later of (A) the Trade Date and (B) the date on which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such later date), (2) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent of the delivery and payment obligations of the Issuer and (3) is an obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to one or more but not all such Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each such Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.



## *Credit Technical Annex*

- (d) If more than one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all such Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- (e) If:
- (i) more than one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all such Reference Obligations and the Calculation Agent determines that no Substitute Reference Obligation is available for any of such Reference Obligations; or
  - (ii) only one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation,

then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the later of (A) the Scheduled Maturity Date, (B) the Grace Period Extension Date (if any) and (C) the Repudiation/Moratorium Evaluation Date (if any). If (i) (x) Cash Settlement is specified in the applicable Final Terms and the Credit Event Redemption Amount is determined by reference to a Reference Obligation, (y) Physical Delivery is specified in the applicable Final Terms and the Reference Obligation is the only Deliverable Obligation or (z) if Valuation Obligation is specified as applicable in the applicable Final Terms and the Reference Obligation is the only Valuation Obligation and (ii) on or prior to the later of (A) the Scheduled Maturity Date, (B) the Grace Period Extension Date or (C) the Repudiation/Moratorium Evaluation Date, a Substitute Reference Obligation has not been identified, the obligations of the Issuer under the Notes shall cease as of the later of (A) the Scheduled Maturity Date, (B) the Grace Period Extension Date or (C) the Repudiation/Moratorium Evaluation Date.

- (f) For the purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

**"Succession Event"** means an event such as a merger, de-merger, consolidation, amalgamation, transfer of assets or liabilities, spin off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. Notwithstanding the foregoing, "Succession Event" shall not include an event in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, demerger, consolidation, amalgamation, transfer of assets or liabilities, spin-off or other similar event.

**"Successor"** means:

- (a) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set forth below:
  - (i) if one entity directly or indirectly succeeds to seventy-five per cent. (75%) or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;

### *Credit Technical Annex*

- (ii) if only one entity directly or indirectly succeeds to more than twenty-five per cent. (25%) (but less than seventy-five per cent.(75%)) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. (25%) of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent. (25%) of the Relevant Obligations will be the sole Successor;
  - (iii) if more than one entity each directly or indirectly succeed to more than twenty-five per cent. (25%) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. (25%) of the Relevant Obligations of the Reference Entity remain with Reference Entity, the entities that succeed to more than twenty-five per cent. (25%) of the Relevant Obligations will each be a Successor and these Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;
  - (iv) if one or more entity each directly or indirectly succeed to more than twenty-five per cent. (25%) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than twenty-five per cent. (25%) of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and these Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;
  - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent. (25%) of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and
  - (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent. (25%) of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor; and
- (b) in relation to a Reference Entity that is a Sovereign, any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.

In the case of (a) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information and shall, as soon as practicable after such calculation, make such calculation available for inspection by Noteholder(s) at the specified office of the Principal Paying Agent.

Where pursuant to paragraph (a)(iii) or (a)(iv) above, more than one Successor has been identified, the Calculation Agent shall adjust such of these Terms and Conditions and/or the applicable Final Terms as it in its sole and absolute discretion acting in a commercially reasonable manner shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine

## *Credit Technical Annex*

the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of these Terms and Conditions and/or the applicable Final Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Notes under the provisions of the 2003 ISDA Credit Derivatives Definitions and any relevant publication published by ISDA.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with General Condition 14 (*Notices*), stating the adjustment to these Terms and Conditions and/or the applicable Final Terms and giving brief details of the relevant Succession Event.

For the purposes of this definition of "Successor", "**succeed**" means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to paragraph (a) of this definition of "Successor" shall be made, in the case of an exchange offer, on the basis of the Outstanding Principal Balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the Outstanding Principal Balance of Bonds for which Relevant Obligations have been exchanged.

Where:

- (A) a Reference Obligation is specified in the applicable Final Terms; and
- (B) one or more Successors to the relevant Reference Entity have been identified; and
- (C) any one or more such Successors have not assumed the Reference Obligation,

a Substitute Reference Obligation will be determined in accordance with the definition of "Substitute Reference Obligation" above.

**"Supranational Organisation"** means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns, and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and the European Bank for Reconstruction and Development.

**"Trade Date"** means the date specified as such in the applicable Final Terms.

**"Undeliverable Obligation"** means a Deliverable Obligation included in the Asset Amount which, on the Physical Settlement Date for such Deliverable Obligation, the Calculation Agent determines for any reason (including without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the Delivery of Loans, the failure of a Noteholder to give the Issuer details of accounts for settlement, or a failure of any Noteholder to open or procure the opening of such accounts) it is impossible or illegal to Deliver on the Physical Settlement Date.

**"Underlying Obligation"** has the meaning given in "Qualifying Guarantee" above.

**"Underlying Obligor"** has the meaning given in the "Qualifying Guarantee" above.

**"Unwind Costs"** means the amount specified in the applicable Final Terms or if "Standard Unwind Costs" are specified in the applicable Final Terms, an amount determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer

## *Credit Technical Annex*

and/or any of its Affiliates in connection with the redemption (in whole or in part) of the Notes and the related termination, settlement or re-establishment (in whole or in part) of any hedge or related trading position, such amount to be apportioned *pro rata* amongst each nominal amount of Notes in the Calculation Amount.

**"Valuation Date"** means (a) where Physical Delivery is specified as applying in the applicable Final Terms the day falling five (5) Business Days after the Final Delivery Date, (b) where Valuation Obligation is specified as applying in the applicable Final Terms a date falling no more than a number of Business Days equal to the relevant Valuation Obligation Determination Period following the Credit Event Determination Event, as selected by the Calculation Agent in its sole and absolute discretion or (c) otherwise, if "Single Valuation Date" is specified in the applicable Final Terms, the date that is the number of Business Days specified in the Final Terms after the Credit Event Determination Date or, if the number of Business Days is not so specified, five Business Days after the Credit Event Determination Date, and if "Multiple Valuation Dates" is specified in the applicable Final Terms, each of the following dates:

- (i) the date that is the number of Business Days specified in the applicable Final Terms after the Credit Event Determination Date (or, if the number of Business Days is not specified, five (5) Business Days); and
- (ii) each successive date that is the number of Business Days specified in the applicable Final Terms (or if the number of Business Days is not so specified, five (5) Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When "Multiple Valuation Dates" is specified in the applicable Final Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the applicable Final Terms (or, if the number of Valuation Dates is not so specified, five (5) Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the applicable Final Terms, Single Valuation Date shall apply.

### **"Valuation Method":**

- (a) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation or Valuation Obligation and only one Valuation Date:
  - (i) **"Market"** means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
  - (ii) **"Highest"** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Highest.

- (b) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation or Valuation Obligation and more than one Valuation Date:
  - (i) **"Average Market"** means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
  - (ii) **"Highest"** means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or
  - (iii) **"Average Highest"** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

## *Credit Technical Annex*

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Highest.

- (c) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation or Valuation Obligation and only one Valuation Date:
- (i) "**Blended Market**" means the unweighted arithmetic mean of the Market Value for each Reference Obligation or Valuation Obligation determined by the Calculation Agent with respect to the Valuation Date; or
  - (ii) "**Blended Highest**" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent for each Reference Obligation or Valuation Obligation with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Blended Highest.

- (d) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation or Valuation Obligation and more than one Valuation Date:
- (i) "**Average Blended Market**" means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date;
  - (ii) "**Average Blended Highest**" means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date; or
  - (iii) "**Highest**" means the highest Quotation obtained by the Calculation Agent in respect of any Valuation Date and the relevant Reference Obligation or Valuation Obligation.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Blended Highest.

- (e) Notwithstanding paragraphs (a) to (d) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Valuation Method shall be Market, Average Market, Blended Market or Average Blended Market, as the case may be.

**"Valuation Obligation"** means:

- (a) any obligation of a Reference Entity (either directly, as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in "(A) Method for Determining Valuation Obligations" below (but excluding any Excluded Valuation Obligation specified in the applicable Final Terms) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defense based on the factors set forth in paragraphs (a) to (d) of the definition of "Credit Event" above)) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the date of selection of the relevant Valuation Obligation, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount apart from the giving of any

## *Credit Technical Annex*

notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;

- (b) subject to the second paragraph of the definition of "Not Contingent" in (d)(A)(2)(i) below, each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Valuation Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Valuation Obligation (but excluding any Excluded Valuation Obligation) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a)-(d) of the definition of "Credit Event" above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the date on which the Notice of Valuation Obligations is deemed given, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (d) any Additional Valuation Obligation of a Reference Entity specified as such in the applicable Final Terms.

(A) **Method for Determining Valuation Obligations.** For the purposes of this definition of "Valuation Obligation", the term "Valuation Obligation" may be defined as each obligation of each Reference Entity described by the Valuation Obligation Category specified in the applicable Final Terms, and, subject to (B)(2) below, having each of the Valuation Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, as of the date on which the Notice of Valuation Obligations is deemed given. The following terms shall have the following meanings:

- (1) **"Valuation Obligation Category"** means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in the definition of "Obligation" below, except that, for the purpose of determining Valuation Obligations, the definition of "Reference Obligations Only" shall be amended to state that no Valuation Obligation Characteristics shall be applicable to Reference Obligations Only).
- (2) **"Valuation Obligation Characteristics"** means any one or more of Not Subordinated, Credit Linked Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of "Obligation" below), Not Contingent, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer where:
  - (i) **"Not Contingent"** means any obligation having as of the first date of selection of the relevant Valuation Obligation and all times thereafter an Outstanding Principal Balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall constitute Valuation Obligations that are Not Contingent if such Valuation Obligation otherwise meets the requirements of the

## *Credit Technical Annex*

preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the date of selection of the relevant Valuation Obligation.

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Valuation Obligation may be included as a Valuation Obligation only if the rights referred to in clauses (A) and (B) of the preceding paragraph have not been exercised (or such exercise has been effectively rescinded) on or before the date of selection of the relevant Valuation Obligation;

- (ii) "**Assignable Loan**" means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (iii) "**Consent Required Loan**" means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such loan) or any agent;
- (iv) "**Direct Loan Participation**" means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Noteholder and either (A) the Issuer or the Guarantor (as applicable) (in either case, to the extent that the Issuer or the Guarantor (as applicable), is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);
- (v) "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:
  - (a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or

## *Credit Technical Annex*

- (b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;
  - (vi) "**Maximum Maturity**" means an obligation that has a remaining maturity from the first Valuation Date of not greater than the period specified in the applicable Final Terms;
  - (vii) "**Accelerated or Matured**" means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the first Valuation Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
  - (viii) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream, Luxembourg or any other internationally recognised clearing system.
- (B) Interpretation of Provisions.
- (1) If the Obligation Characteristic "Listed" is specified in the applicable Final Terms, the Final Terms shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category;
  - (2) if (i) either of the Valuation Obligation Characteristics "Listed" or "Not Bearer" is specified in the applicable Final Terms, the Final Terms shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Valuation Obligation Category; (ii) the Valuation Obligation Characteristic "Transferable" is specified in the applicable Final Terms, the Final Terms shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Valuation Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Valuation Obligation Category); or (iii) any of the Valuation Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the applicable Final Terms, the Final Terms shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Valuation Obligation Category;
  - (3) if any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Valuation Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Valuation Obligation Characteristics, the Valuation Obligations may include any Loan that satisfies any one of such Valuation Obligation Characteristics specified and need not satisfy all such Valuation Obligation Characteristics; and



### *Credit Technical Annex*

- (4) in the event that an Obligation or a Valuation Obligation is a Qualifying Guarantee, the following will apply:
- (i) For purposes of the application of the Obligation Category or the Valuation Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.
  - (ii) For purposes of the application of the Obligation Characteristics or the Valuation Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Valuation Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Credit Linked Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Final Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
  - (iii) For purposes of the application of the Obligation Characteristics or the Valuation Obligation Characteristics, only the Qualifying Guarantee must satisfy on the relevant date the Obligation Characteristic or the Valuation Obligation Characteristic of Not Subordinated, if specified in the applicable Final Terms.
  - (iv) For purposes of the application of the Obligation Characteristics or the Valuation Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Valuation Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
  - (v) For purposes of the application of the Obligation Characteristics or the Valuation Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
  - (vi) The terms "Outstanding Principal Balance" and "Due and Payable Amount" (as they are used in the Credit Linked Conditions, including without limitation, the definitions of "Cash Settlement Amount" and "Quotation Amount" in Credit Linked Condition 9), when used in connection with Qualifying Guarantees are to be interpreted to be the then "Outstanding Principal Balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.
- (5) If only one Valuation Date is specified in the applicable Final Terms, any reference in these Credit Linked Conditions to the first Valuation Date shall be deemed to be a reference to such Valuation Date.

## *Credit Technical Annex*

- (6) Where the Standard Terms are applicable to determine the Valuation Obligations the row entitled "Physical Settlement Period" shall not be applicable.

For the avoidance of doubt the provisions of this paragraph (B) apply in respect of the definitions of Obligation and Valuation Obligation as the context admits.

**"Valuation Obligation Determination Period"** means the number of Business Days specified as such in the applicable Final Terms.

**"Valuation Time"** means the time specified as such in the applicable Final Terms or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation.

**"Voting Shares"** has the meaning given in the definition of "Downstream Affiliate" above.

**"Weighted Average Quotation"** means in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount (but of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

### 12. CREDIT EVENT NOTICE AFTER RESTRUCTURING CREDIT EVENT

Notwithstanding anything to the contrary in these Credit Linked Conditions, upon the occurrence of a Restructuring Credit Event during the Notice Delivery Period:

- (a) the Calculation Agent may deliver a Credit Event Notice in respect of the amount (the **"Partial Redemption Amount"**) that is less than the Reference Amount in respect of the relevant Reference Entity. In such circumstances, the Credit Event Portion shall be deemed to be the Partial Redemption Amount only, and each such Note shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).
- (b) For the avoidance of doubt (i) the Outstanding Redemption Amount of each such Note not so redeemed in part shall remain outstanding and interest shall accrue on the Outstanding Redemption Amount of such Note as provided in Credit Linked Condition 4 (*Interest*) (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate), (ii) the provisions of Credit Linked Condition 1 (*Redemption of Credit Linked Notes*) shall apply to the Outstanding Redemption Amount of such Note in the event that subsequent Credit Event Notices are delivered in respect of the Reference Entity that was the subject of the Restructuring Credit Event and (iii) in respect of a Credit Linked Note other than a Portfolio Credit Linked Note or a Portfolio Maturity Settled Credit Linked Note, once a Credit Event Notice with respect to a Restructuring Credit Event has been delivered in respect of a Reference Entity, no further Credit Event Notices may be delivered in respect of any Reference Entity other than the Reference Entity that was the subject of the Restructuring Credit Event.
- (c) If the provisions of this Credit Linked Condition 12 apply in respect of the Notes, on redemption of part of each such Note the relevant Note or, if the Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such part redemption.
- (d) If any Note represented by a Rule 144A Global Note is to be redeemed (in whole or in part) by delivery of an Asset Amount, the relevant provisions relating to such delivery shall be set out in the applicable Final Terms.

## *Credit Technical Annex*

### 13. PROVISIONS RELATING TO MULTIPLE HOLDER OBLIGATION

Notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraphs (i) to (v) of the definition of "Restructuring" shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

**"Multiple Holder Obligation"** means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event.

### 14. PROVISIONS TAKEN FROM THE ISDA SUPPLEMENT TITLED "ADDITIONAL PROVISIONS - MONOLINE INSURER AS REFERENCE ENTITY (MAY 2003)"

If this Credit Linked Condition 14 is specified as applicable in the applicable Final Terms, the following provisions will apply:

- (a) Obligation and Deliverable Obligation and Valuation Obligations. Paragraph (a) of the definition of "Obligation" in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*) and paragraph (a) of the definition of "Deliverable Obligation" and "Valuation Obligation" in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*) are hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee".
- (b) Interpretation of Provisions. In the event that an Obligation or a Deliverable Obligation or a Valuation Obligation is a Qualifying Policy, paragraph (b) of the definition of "Deliverable Obligation" and "Valuation Obligation" in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*) will apply, with references to the Qualifying Guarantee, the Underlying Obligation and the Underlying Obligor deemed to include the Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively, except that:
  - (A) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond and the Valuation Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond and the Valuation Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms "obligation" and "obligor" as used in this Credit Linked Condition 14 in respect of such an Insured Instrument shall be construed accordingly;
  - (B) references in the definitions of Assignable Loan and Consent Required Loan to "the guarantor" and "guaranteeing" shall be deemed to include "the insurer" and "insuring", respectively;
  - (C) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured or the Valuation Obligation Characteristic of Accelerated or Matured, as the case may be, whether or not that characteristic is otherwise specified as applicable in the applicable Final Terms;
  - (D) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristics or Valuation Obligation Characteristic, as the case may be are specified in the applicable Final Terms and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument; and

## *Credit Technical Annex*

- (E) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "Outstanding Principal Balance" shall mean the outstanding Certificate Balance and "maturity", as such term is used in the Maximum Maturity Deliverable Obligation Characteristic or Valuation Obligation Characteristic, as the case may be, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.
- (c) Not Contingent. An Insured Instrument will not be regarded as failing to satisfy the Not Contingent Deliverable Obligation Characteristic or the Not Contingent Valuation Obligation Characteristic, as the case may be, solely because such Insured Instrument is subject to provisions limiting recourse in respect of such Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments owing under such Insured Instrument, provided that such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such limitation or reduction. By specifying that this Credit Linked Condition 14 is applicable, no inference should be made as to the interpretation of the "Not Contingent" Deliverable Obligation Characteristic in the context of limited recourse or similar terms applicable to Deliverable Obligations other than Qualifying Policies.
- (d) Deliver. For the purposes of "Deliver" in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*), "Deliver" with respect to an obligation that is a Qualifying Policy means to Deliver both the Insured Instrument and the benefit of the Qualifying Policy (or a custodial receipt issued by an internationally recognised custodian representing an interest in such an Insured Instrument and the related Qualifying Policy), and "Deliver" and "Delivered" will be construed accordingly.
- (e) Provisions for Determining a Successor. The paragraph commencing "For the purposes of this definition of "Successor" ..." in the definition of "successor" in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*) is hereby amended by adding "or insurer" after "or guarantor".
- (f) Substitute Reference Obligation. The first paragraph of the definition of "Substitute Reference Obligation" and paragraph (b) thereof in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*) is hereby amended by the adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee". For purposes of sub-paragraph (a)(ii)(B) the definition of "Substitute Reference Obligation" references to "the Qualifying Guarantee" and the "Underlying Obligation" shall be deemed to include "the Qualifying Policy" and "the Insured Instrument", respectively.
- (g) Other Provisions. For the purposes of paragraph (a)(ii) of the definition of "Deliverable Obligation" and the definitions of "Credit Event" and "Deliver" in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*) references to "the Underlying Obligation" and "the Underlying Obligor" shall be deemed to include "Insured Instruments" and the "Insured Obligor", respectively.
- (h) Additional Definitions.

"**Qualifying Policy**" means a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments of an instrument that constitutes Borrowed Money (modified as set forth in this Credit Linked Condition 14 (the "**Insured Instrument**") for which another party (including a special purpose entity or trust) is the obligor (the "**Insured Obligor**"). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non occurrence of an event or circumstance (other than the payment of

## *Credit Technical Annex*

Instrument Payments). The benefit of a Qualifying Policy must be capable of being delivered together with the Delivery of the Insured Instrument.

**"Instrument Payments"** means (A) in the case of any Insured Instrument that is in the form of a pass through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Certificate Balance on or prior to the ultimate distribution of the Certificate Balance and (y) the ultimate distribution of the Certificate Balance on or prior to a specified date and (B) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (A) and (B) (1) determined without regard to limited recourse or reduction provisions of the type described in Credit Linked Condition 14(c) above and (2) excluding sums in respect of default interest, indemnities, tax gross ups, make-whole amounts, early redemption premiums and other similar amounts (whether or not guaranteed or insured by the Qualifying Policy).

**"Certificate Balance"** means, in the case of an Insured Instrument that is in the form of a pass through certificate or similar funded beneficial interest, the unit principal balance, certificate balance or similar measure of unreimbursed principal investment.

### **15. PROVISIONS TAKEN FROM THE ISDA SUPPLEMENT TITLED "ADDITIONAL PROVISIONS — MONOLINE INSURER AS REFERENCE ENTITY (MAY 2005)"**

If Credit Linked Condition 15 is specified as applicable in the applicable Final Terms, the following provisions will apply:

- (a) **Obligation, Deliverable Obligation and Valuation Obligations.** Paragraph (a) of the definition of "Obligation" in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*) and paragraph (a) of the definition of "Deliverable Obligation" and "Valuation Obligation" in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*) are hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee".
- (b) **Interpretation of Provisions.** In the event that an Obligation, a Deliverable Obligation or a Valuation Obligation is a Qualifying Policy, paragraph (b) of the definition of "Deliverable Obligation" and "Valuation Obligation" in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*) will apply, with references to the Qualifying Guarantee, the Underlying Obligation and the Underlying Obligor deemed to include the Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively, except that:
  - (A) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond and the Valuation Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond and the Valuation Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms "obligation" and "obligor" as used in this Credit Linked Condition 15 in respect of such an Insured Instrument shall be construed accordingly;
  - (B) references in the definitions of Assignable Loan and Consent Required Loan to "the guarantor" and "guaranteeing" shall be deemed to include "the insurer" and "insuring", respectively;
  - (C) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured or the Valuation Obligation Characteristic of Accelerated or Matured, as the case may be, whether or not that characteristic is otherwise specified as applicable in the applicable Final Terms;

## *Credit Technical Annex*

- (D) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristic or Valuation Obligation Characteristic, as the case may be, are specified in the applicable Final Terms and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument; and
  - (E) with respect to an Insured Instrument in the form of a pass through certificate or similar funded beneficial interest, the term "Outstanding Principal Balance" shall mean the outstanding Certificate Balance and "maturity", as such term is used in the Maximum Maturity Deliverable Obligation Characteristic or Valuation Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.
- (c) For the avoidance of doubt if Credit Linked Condition 15 is specified as applying in the applicable Final Terms the amendments to paragraph (b) of the definition of "Deliverable Obligation" or "Valuation Obligation" in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*) provided in Credit Linked Condition 16 shall not be construed to apply to Qualifying Policies and Insured Instruments.
  - (d) Not Contingent. An Insured Instrument will not be regarded as failing to satisfy the Net Contingent Deliverable Obligation Characteristic or Not Contingent Valuation Obligation Characteristic, as the case may be, solely because such Insured Instrument is subject to provisions limiting recourse in respect of such Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments owing under such Insured Instrument, provided that such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such limitation or reduction. By specifying that Credit Linked Condition 15 applicable, no inference should be made as to the interpretation of the "Not Contingent" Deliverable Obligation Characteristic in the content of limited recourse or similar terms, applicable to Deliverable Obligations other than Qualifying Policies.
  - (e) Deliver. For the purposes of the definition of "Deliver" in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*), "Deliver" with respect to an obligation that is a Qualifying Policy means to Deliver both the Insured Instrument and the benefit of the Qualifying Policy (or a custodial receipt issued by an internationally recognised custodian representing an interest in such an Insured Instrument and the related Qualifying Policy), and "Delivery" and "Delivered" will be construed accordingly.
  - (f) Provisions for Determining a Successor. The paragraph commencing "For the purposes of this definition of "Successor" ..." in the definition of "Successor" in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*) is hereby amended by adding "or insurer" after "or guarantor".
  - (g) Substitute Reference Obligation. The first paragraph of the definition of "Substitute Reference Obligation" and paragraph (b) thereof in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*) are hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee". For purposes of sub-paragraph (a)(ii)(B) the definition of "Substitute Reference Obligation" references to "the Qualifying Guarantee" and the "Underlying Obligation" shall be deemed to include "the Qualifying Policy" and "the Insured Instrument", respectively.
  - (h) Restructuring.
- (A) With respect to an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest or a Qualifying Policy with respect thereto, paragraphs (i)

## *Credit Technical Annex*

to (v) inclusive of the definition of "Restructuring" in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*) are hereby amended to read as follows:

- (1) a reduction in the rate or amount or the Instrument Payment is clause (A)(x) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
  - (2) a reduction in the amount of the Instrument Payments described in clause (A)(y) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
  - (3) a postponement or other deferral of a date or dates for either (A) the payment or accrual of the Instrument Payments described in clause (A)(x) of the definition thereof or (B) the payment of the Instrument Payments described in clause (A)(y) of the definition thereof, in each case that are guaranteed or insured by the Qualifying Policy;
  - (4) a change in the ranking in priority of payment of (A) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (B) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, Subordination will be deemed to include any such change that results in a lower ranking under a priority of payments provision applicable to the relevant Instrument Payments; or
  - (5) any change in the currency or composition of any payment of Instrument Payments that are guaranteed or insured by the Qualifying Policy to any currency which is not a Permitted Currency.
- (B) Paragraph (c) of the definition of "Restructuring" in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*) is hereby amended by adding "or, in the case of a Qualifying Policy and an Insured Instrument, where (A) the Qualifying Policy continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the Qualifying Policy guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the Qualifying Policy" after "Reference Entity".
- (C) The definitions of "Restructuring in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*) is hereby amended by the insertion of the following paragraph after the final paragraph thereof:
- "For purposes of the definition of "Restructuring" in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*) and if Credit Linked Condition 13 (*Provisions relating to Multiple Holder Obligation*) is specified as applying in the applicable Final Terms for the purposes of this Technical Annex the term Obligation shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the Reference Entity in the definition of "Restructuring" shall be deemed to refer to the Insured Obligor and the references to the Reference Entity in paragraphs (a) to (c) inclusive in the definition of "Restructuring" shall continue to refer to the Reference Entity."
- (i) Fully Transferable Obligation and Conditionally Transferable Obligation. In the event that a Fully Transferable Obligation and/or Conditionally Transferable Obligation is specified as applying in the applicable Final Terms and a Fully Transferable Obligation or Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of the relevant definition

## *Credit Technical Annex*

and, if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument. References in the definition of Conditionally Transferable Obligation to the guarantor and guaranteeing shall be deemed to include the insurer and insuring, respectively. With respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "final maturity date", as such term is used in Credit Linked Condition 3 (*Physical Settlement*) and the definition of "Restructuring Maturity Limitation Date", shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.

- (j) Other Provisions. For purposes of paragraph (a)(ii) of the definition of "Deliverable Obligation" or "Valuation Obligation", as the case may be, and the definition of "Credit Event" and "Deliver" in Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*), references to the "Underlying Obligation" and the "Underlying Obligor" shall be deemed to include "Insured Instruments" and the "Insured Obligor", respectively.
- (k) Additional Definitions.

**"Qualifying Policy"** means a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments of an instrument that constitutes Borrowed Money (modified as set forth in this Credit Linked Condition) (the **"Insured Instrument"**) for which another party (including a special purpose entity or trust) is the obligor (the **"Insured Obligor"**). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments). The benefit of a Qualifying Policy must be capable of being delivered together with the Delivery of the Insured Instrument.

**"Instrument Payments"** means (A) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Certificate Balance on or prior to the ultimate distribution of the Certificate Balance and (y) the ultimate distribution of the Certificate Balance on or prior to a specified date and (B) in the case of any other Insured Instrument, the scheduled payment of principal and interest, in the case of both (A) and (B) (1) determined without regard to limited recourse or reduction provisions of the type described in sub-paragraph (d) above and (2) excluding sums in respect of default interest, indemnities, tax gross-ups, make-whole amounts, early redemption premiums and other similar amounts (whether or not guaranteed or insured by the Qualifying Policy).

**"Certificate Balance"** means, in the case of an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, the unit principal balance, certificate balance or similar measures of unreimbursed principal investment.



## *Credit Technical Annex*

### 16. SUPPLEMENT TO PROVISIONS RELATING TO QUALIFYING GUARANTEE AND UNDERLYING OBLIGATION

(a) If this Credit Linked Condition 16 is specified as applicable in the applicable Final Terms, Credit Linked Condition 11 (*Definitions Applicable to Credit Linked Notes*) shall be amended by:

(A) the deletion of the definition of "**Downstream Affiliate**" and the substitution of the following therefor:

"**Downstream Affiliate**" means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. (50%) owned, directly or indirectly, by the Reference Entity;

(B) the deletion of paragraphs (B)(4)(ii) and (B)(4)(iii) of the definition of "Deliverable Obligation" or "Valuation Obligation", as the case may be, the substitution of the following therefor and the re-numbering of the remaining paragraphs accordingly:

"(ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics or the Valuation Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics or Valuation Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Not Subordinated, Credit Linked Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Final Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law."; and

(C) the deletion of the definition of "Qualifying Guarantee" and the substitution of the following therefor:

"**Qualifying Guarantee**" means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the "**Underlying Obligation**") for which another party is the obligor (the "**Underlying Obligor**"). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee, insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation"; and

(b) Credit Linked Condition 13 (*Provisions relating to Multiple Holder Obligation*) shall be amended by the insertion of the following at the end of the first paragraph thereof:

"provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in (ii) of the definition of "Multiple Holder Obligation" below".

### 17. ADDITIONAL PROVISIONS FOR LPN REFERENCE ENTITIES

If Credit Linked Condition 17 is specified as applicable in the applicable Final Terms, notwithstanding anything to the contrary in the Credit Linked Conditions, the following provisions will apply:

(a) provisions relating to Multiple Holder Obligation will be deemed to be Not Applicable with respect to any Reference Obligation (and any Underlying Loan);

## *Credit Technical Annex*

- (b) each Reference Obligation will be an Obligation, notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to the definition of "Obligation" in Credit Linked Condition 11, and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity;
- (c) each Reference Obligation will be a Deliverable Obligation or Valuation Obligation, as the case may be, notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to, the definition of "Deliverable Obligation" or Valuation Obligation in Credit Linked Condition 11 and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity.

For the avoidance of doubt with respect to any LPN Reference Obligation that specifies an Underlying Loan or an Underlying Finance Instrument, the outstanding principal balance shall be determined by reference to the Underlying Loan or Underlying Finance Instrument (as applicable) relating to such LPN Reference Obligation.

The Not Subordinated Obligation Characteristic and Deliverable Obligation Characteristic and Valuation Obligation Characteristic shall be construed as if no Reference Obligation was specified in respect of the Reference Entity;

- (d) the definition of Reference Obligation shall be deleted and the following substituted therefor:

**"Reference Obligation"** means, as of the Trade Date, each of the obligations listed as a Reference Obligation of the Reference Entity in the applicable Final Terms or set forth on the relevant LPN Reference Obligations List (each a **"Markit Published LPN Reference Obligation"**), as published by Markit Group Limited, or any successor thereto, which list is as of the Trade Date available at <http://www.markit.com/marketing/services.php>, any Additional LPN and each Additional Obligation."; and

- (e) the following additional definitions shall apply:

**"Additional LPN"** means any bond issued in the form of a loan participation note (an **"LPN"**) by an entity (the **"LPN Issuer"**) for the sole purpose of providing funds for the LPN Issuer to (a) finance a loan to the Reference Entity (the **"Underlying Loan"**) or (b) provide finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument (the **"Underlying Finance Instrument"**), provided that (i) either (x) in the event that there is an Underlying Loan with respect to such LPN the Underlying Loan satisfies the Obligation Characteristics specified in respect of the Reference Entity or (y) in the event that there is an Underlying Finance Instrument with respect to such LPN the Underlying Finance Instrument satisfies the Not Subordinated, Not Domestic Law and Not Domestic Currency Obligation Characteristics; (ii) the LPN satisfies the following Deliverable Obligation Characteristics or Valuation Obligation Characteristics, as applicable: Transferable, Not Bearer, Credit Linked Specified Currency – Standard Specified Currencies, Not Domestic Law, Not Domestic Issuance; and (iii) the LPN Issuer has, as of the issue date of such obligation, granted a First Ranking Interest over or in respect of certain of its rights in relation to the relevant Underlying Loan or Underlying Finance Instrument (as applicable) for the benefit of the holders of the LPNs.

**"Additional Obligation"** means each of the obligations listed as an Additional Obligation of the Reference Entity in the applicable Final Terms or set forth on the relevant LPN Reference Obligations List, as published by Markit Group Limited, or any successor thereto, which list is, as of the Trade Date, available at <http://www.markit.com/marketing/services.php>.

**"First Ranking Interest"** means a charge, security interest (or other type of interest having similar effect) (an **"Interest"**), which is expressed as being "first ranking", "first priority", or similar (**"First**

## *Credit Technical Annex*

**Ranking**") in the document creating such Interest (notwithstanding that such Interest may not be First Ranking under any insolvency laws of any related insolvency jurisdiction of the LPN Issuer).

**"LPN Reference Obligation"** means each Reference Obligation other than any Additional Obligation.

For the avoidance of doubt, any change to the issuer of an LPN Reference Obligation in accordance with its terms shall not prevent such LPN Reference Obligation constituting a Reference Obligation.

Each LPN Reference Obligation is issued for the sole purpose of providing funds for the Issuer to finance a loan to the Reference Entity. For the purposes of the Credit Linked Conditions each such loan shall be an Underlying Loan.

### **18. CALCULATION AGENT AND CALCULATION AGENT NOTICES**

Whenever the Calculation Agent is required to act or exercise judgment, it will do so in good faith and in a commercially reasonable manner. The Calculation Agent shall, as soon as practicable after making any determination pursuant to this Credit Linked Condition 18, notify the Issuer, the Guarantor and the Noteholders of such determination. The Calculation Agent is not acting as a fiduciary for or as an adviser to the Noteholders in respect of its duties as Calculation Agent in connection with any Notes.

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to this Credit Linked Condition 18 shall (in the absence of manifest error) be final and binding on the Issuer, the Guarantor and the Noteholders. Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. In performing its duties pursuant to the Notes, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and none of the Calculation Agent, the Issuer and the Guarantor shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

In relation to the delivery by the Calculation Agent to the Issuer or the Guarantor, as applicable of any notice pursuant to this Credit Linked Condition 18, a notice delivered on or prior to 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day will be effective on such Calculation Agent City Business Day. A notice delivered after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day or on a day which is not a Calculation Agent City Business Day will be deemed effective on the next following Calculation Agent City Business Day, regardless of the form in which it is delivered. For purposes of the two preceding sentences, a notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Calculation Agent City Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.

### **19. ADHERENCE TO ISDA PROTOCOLS IN RELATION TO ALTERNATIVE SETTLEMENT OR VALUATION METHOD**

In the event that a protocol or supplement setting out an alternative settlement or valuation method is published by ISDA (a "**Protocol**") in relation to a Reference Entity, the Calculation Agent may in its sole discretion determine whether to follow some or all of the terms of such Protocol for purposes of this Credit Linked Condition 19.

## ***Credit Technical Annex***

In particular, but without limitation to the generality of the above, in the event that ISDA holds an auction to determine a price in relation to obligations of appropriate seniority of any Reference Entity, by reference to which credit default swap market participants agree to settle certain transactions referencing the relevant Reference Entity, the Calculation Agent may in its sole discretion determine whether or not to follow the results of such auction for the purposes of these Credit Linked Conditions.

Notwithstanding any other provisions in this Credit Linked Condition 19, in the event that the Calculation Agent decides to adhere to a Protocol, the Calculation Agent may adjust such terms of these Credit Linked Conditions as it deems appropriate to reflect some or all of the relevant settlement, valuation and other provisions of the Protocol. These may include, without limitation, adjustments in relation to the determination of any Credit Event Redemption Amount, any Final Price or any Asset Amount or determining Cash Settlement rather than Physical Settlement shall apply or vice versa. Nothing in this Credit Linked Condition 19 should be taken as requiring the Calculation Agent to follow the terms of any Protocol.

### **20. VARIATION OF SETTLEMENT**

If the applicable Final Terms indicate that the Issuer has the option to vary settlement in respect of the Notes, the Issuer may at its sole and absolute discretion in respect of each such Note give notice pursuant to General Condition 14 (*Notices*) no later than the second (2nd) Business Day prior to the Credit Event Determination Date, the Notes shall be (x) Cash Settled Notes instead of Physical Delivery Notes or (y) Physical Delivery Notes instead of Cash Settled Notes and in this case the provisions of Credit Linked Condition 1 (*Redemption of Credit Linked Notes*) shall apply.

### **21. STANDARD TERMS**

If Standard Terms are specified as applicable in the applicable Final Terms, the provisions set out below in respect of the Standard Terms specified in the applicable Final Terms in respect of the relevant Reference Entity(s) set out in this Credit Linked Condition 21 shall apply.

*Credit Technical Annex*

**Part 1 – Corporate Standard Terms**

<b>Standard Terms</b>	<b>North American Corporate</b>	<b>North American High Yield Corporate</b>	<b>North American Monoline Insurer Corporate</b>	<b>European Corporate</b>	<b>European Insurance Corporate (Subordinated Debt)</b>	<b>Emerging European and Middle Eastern Corporate</b>	<b>Australia &amp; New Zealand Corporate</b>	<b>Japan Corporate</b>	<b>Singapore Corporate</b>	<b>Latin American Corporate B</b>	<b>Latin American Corporate B&amp;L</b>	<b>Asia Corporate</b>
<b>All Guarantees</b>	Not Applicable	Not Applicable	Not Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable
<b>Credit Event</b>	Bankruptcy Failure to Pay	Bankruptcy Failure to Pay	Bankruptcy Failure to Pay Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable	Bankruptcy Failure to Pay Restructuring Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Applicable	Bankruptcy Failure to Pay Restructuring	Bankruptcy Failure to Pay Grace Period Extension: Applicable Repudiation/Moratorium Restructuring Multiple Holder Obligation: Applicable for Loans and Not Applicable for Bonds	Bankruptcy Failure to Pay Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable	Bankruptcy Failure to Pay Payment Requirement: Japanese Payment Requirement Restructuring Multiple Holder Obligation: Not Applicable Default Requirement: Japanese Default Requirement Credit Linked Condition 12: Not Applicable	Bankruptcy Failure to Pay Restructuring	Bankruptcy Failure to Pay Grace Period Extension: Applicable Obligation Acceleration Repudiation/Moratorium Restructuring Multiple Holder Obligation: Applicable	Bankruptcy Failure to Pay Grace Period Extension: Applicable Obligation Acceleration Repudiation/Moratorium Restructuring	Bankruptcy Failure to Pay Restructuring
<b>Obligation Category</b>	Borrowed Money	Borrowed Money	Borrowed Money	Borrowed Money	Borrowed Money	Bond or Loan	Borrowed Money	Borrowed Money	Bond or Loan	Bond	Bond or Loan	Bond or Loan

*Credit Technical Annex*

<b>Standard Terms</b>	<b>North American Corporate</b>	<b>North American High Yield Corporate</b>	<b>North American Monoline Insurer Corporate</b>	<b>European Corporate</b>	<b>European Insurance Corporate (Subordinated Debt)</b>	<b>Emerging European and Middle Eastern Corporate</b>	<b>Australia &amp; New Zealand Corporate</b>	<b>Japan Corporate</b>	<b>Singapore Corporate</b>	<b>Latin American Corporate B</b>	<b>Latin American Corporate B&amp;L</b>	<b>Asia Corporate</b>	
<b>Obligation Characteristics</b>	None	None	None	None	None	Not Subordinated Not Domestic Currency Not Domestic Law Not Domestic Issurance	None	Not Subordinated	Not Subordinated Credit Linked Specified Currency Standard Specified Currencies & Domestic Currency Not Sovereign Lender	Not Subordinated Not Domestic Currency Not Domestic Law Not Domestic Issurance	Not Subordinated Not Sovereign Lender Not Domestic Currency Not Domestic Law Not Domestic Issurance	Not Subordinated Not Sovereign Lender Not Domestic Currency Not Domestic Law Not Domestic Issurance	
<b>Deliverable Obligation Category / Valuation Obligation Category</b>	Bond or Loan	Bond or Loan	Bond or Loan	Bond or Loan	Bond or Loan	Bond or Loan	Bond or Loan	Bond or Loan	Bond or Loan	Bond	Bond or Loan	Bond or Loan	
<b>Deliverable Obligation Characteristics Valuation Obligation Characteristics</b>	Not Subordinated Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Domestic Law Not Contingent Not Domestic Issurance Assignable Loan Consent Required Loan Transferable	Not Subordinated Credit Linked Specified Currency Standard Specified Currencies & Domestic Currency Not Contingent Not Domestic Issurance Assignable Loan Consent Required Loan Transferable	Not Subordinated Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable	Not Subordinated Credit Linked Specified Currency Standard Specified Currencies & Domestic Currency Assignable Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Standard Specified Currencies & Domestic Currency Not Sovereign Lender Not Contingent Not Domestic Issurance Assignable Loan Transferable	Not Subordinated Credit Linked Specified Currency Not Domestic Law Not Contingent Not Domestic Issurance Assignable Loan Consent	Not Subordinated Credit Linked Specified Currency Not Sovereign Lender Not Domestic Law Not Contingent Not Domestic Issurance Consent	Not Subordinated Credit Linked Specified Currency Not Sovereign Lender Not Domestic Law Not Contingent Not Domestic Issurance Assignable Loan

*Credit Technical Annex*

<b>Standard Terms</b>	<b>North American Corporate</b>	<b>North American High Yield Corporate</b>	<b>North American Monoline Insurer Corporate</b>	<b>European Corporate</b>	<b>European Insurance Corporate (Subordinated Debt)</b>	<b>Emerging European and Middle Eastern Corporate</b>	<b>Australia &amp; New Zealand Corporate</b>	<b>Japan Corporate</b>	<b>Singapore Corporate</b>	<b>Latin American Corporate B</b>	<b>Latin American Corporate B&amp;L</b>	<b>Asia Corporate</b>
						Not Bearer	Maximum Maturity: 30 years Not Bearer		Maximum Maturity: 30 years Not Bearer		Required Loan Transferable Not Bearer	Transferable Maximum Maturity: 30 years Not Bearer
<b>Physical Settlement Period</b>	As per definition of "Physical Settlement Period" in Credit Linked Condition 11 capped at 30 Business Days	As per definition of "Physical Settlement Period" in Credit Linked Condition 11 capped at 30 Business Days	As per definition of "Physical Settlement Period" in Credit Linked Condition 11 capped at 30 Business Days	30 Business Days	30 Business Days	As per definition of "Physical Settlement Period" in Credit Linked Condition 11	30 Business Days	30 Business Days	30 Business Days	As per definition of "Physical Settlement Period" in Credit Linked Condition 11	As per definition of "Physical Settlement Period" in Credit Linked Condition 11	30 Business Days

*Credit Technical Annex*

**Part 2 – Sovereign Standard Terms**

<b>Standard Terms</b>	<b>Asian Sovereign</b>	<b>Emerging European &amp; Middle Eastern Sovereign</b>	<b>Australia &amp; New Zealand Sovereign</b>	<b>Japan Sovereign</b>	<b>Singapore Sovereign</b>	<b>Latin America Sovereign</b>	<b>Western European Sovereign</b>
<b>All Guarantees</b>	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable
<b>Credit Event</b>	Failure to Pay Repudiation/ Moratorium Restructuring	Failure to Pay Grace Period Extension Applicable Obligation Acceleration Repudiation Moratorium Restructuring Multiple Holder Obligation: Not Applicable	Failure to Pay Repudiation/ Moratorium Restructuring Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable	Failure to Pay Payment Requirement: Japanese Payment Requirement Repudiation/ Moratorium Restructuring Multiple Holder Obligation: Not Applicable Default Requirement: Japanese Default Requirement Credit Linked Condition 12: Not Applicable	Failure to Pay Repudiation/ Moratorium Restructuring	Failure to Pay Grace Period Extension Applicable Obligation Acceleration Repudiation Moratorium Restructuring Multiple Holder Obligation: Not Applicable	Failure to Pay Repudiation/ Moratorium Restructuring
<b>Obligation Category</b>	Bond or Loan	Bond	Borrowed Money	Borrowed Money	Bond or Loan	Bond	Borrowed Money
<b>Obligation Characteristics</b>	Not Subordinated Not Sovereign Lender Not Domestic Law Not Domestic Issuance Not Domestic Currency	Not Subordinated Not Domestic Law Not Domestic Issuance Not Domestic Currency	None	None	Not Subordinated Credit Linked Specified Currency: Standard Specified Currencies & Domestic Currency Not Sovereign Lender	Not Subordinated Not Domestic Law Not Domestic Issuance Not Domestic Currency	None
<b>Deliverable Obligation Category /</b>	Bond or Loan	Bond	Bond or Loan	Bond or Loan	Bond or Loan	Bond	Bond or Loan



*Credit Technical Annex*

<b>Standard Terms</b>	<b>Asian Sovereign</b>	<b>Emerging European &amp; Middle Eastern Sovereign</b>	<b>Australia &amp; New Zealand Sovereign</b>	<b>Japan Sovereign</b>	<b>Singapore Sovereign</b>	<b>Latin America Sovereign</b>	<b>Western European Sovereign</b>
<b>Valuation Obligation Category</b>							
<b>Deliverable Obligation Characteristics</b> <b>Valuation Obligation Characteristics</b>	Not Subordinated Credit Linked Specified Currency Not Sovereign Lender Not Domestic Law Not Contingent Not Domestic Issuance Assignable Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Domestic Law Not Contingent Not Domestic Issuance Transferable Not Bearer	Not Subordinated Credit Linked Specified Currency: Standard Specified Currency & Domestic Currency Not Contingent Assignable Loan Consent Required Loan Transferable Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency: Standard Specified Currency & Domestic Currency Not Sovereign Lender Not Contingent Assignable Loan Transferable Maximum Maturity: 30 years Not Bearer	Not Subordinated Credit Linked Specified Currency Not Domestic Law Not Contingent Not Domestic Issuance Transferable Not Bearer	Credit Linked Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer
<b>Physical Settlement Period</b>	30 Business Days	As per definition of "Physical Settlement Period" in Credit Linked Condition 11	30 Business Days	30 Business Days	30 Business Days	As per definition of "Physical Settlement Period" in Credit Linked Condition 11	30 Business Days

## *Regional Annex*

### REGIONAL ANNEX

#### AMENDMENTS TO THE GENERAL CONDITIONS IN RESPECT OF SWEDISH NOTES

*The terms and conditions applicable to Swedish Notes shall comprise the General Terms and Conditions of the Notes (the "**General Conditions**") and the additional Terms and Conditions set out below (the "**Swedish Conditions**" and, together with the General Conditions, the "**Conditions**"), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Swedish Conditions, the Swedish Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Swedish Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

*The Swedish Notes will be created and held in uncertificated and dematerialised book-entry form with Euroclear Sweden (as defined below) and no global or definitive notes will be issued in respect of Swedish Notes.*

References below to a numbered General Condition are to such numbered section of the General Conditions and references to a numbered Swedish Condition are to such numbered section as set out in this Regional Annex. The provisions set out below are relevant only in the context of an issue of Swedish Notes by the Issuer. The term "Swedish Notes" applies to any Tranche of Notes issued by the Issuer and designated as "Swedish Notes" in the applicable Final Terms.

#### 1. DEFINITIONS

For the purposes of the amendments to the General Conditions set out below, "**Euroclear Sweden**" means Euroclear Sweden AB (formerly known as VPC AB), Box 7822, SE-103 97 Stockholm, Sweden or any successor thereto acceptable to the Issuer, "**Swedish Issuing and Paying Agent**" shall mean an agent of the Issuer in respect of dealings with Euroclear Sweden (which is initially Nordea Bank AB (publ)) and "**Swedish Issuing and Paying Agency Agreement**" shall mean the agreement between the Issuer and the Swedish Issuing and Paying Agent (as amended and/or supplemented from time to time) to be entered into by the Issuer on or prior to the date the first Swedish Notes are issued, pursuant to which the Issuer will appoint the Swedish Issuing and Paying Agent. Any references in the General Conditions to "Agency Agreement" shall be deemed to include, where the context so admits, reference to the Swedish Issuing and Paying Agency Agreement.

#### 2. SWEDISH NOTES

The second paragraph of the General Conditions shall be amended by the addition of an item 5 (immediately after item 4 therein) as follows:

"5. any Notes in uncertificated and dematerialised book-entry form in accordance with the Swedish Financial Instruments Accounts Act (Sw. *Lagen (1998:1479) om kontoföring av finansiella instrument* ("**Swedish Notes**")."

#### 3. DISAPPLICATION

The third paragraph of the General Conditions shall not apply to the Swedish Notes.

#### 4. NOMINEES

The following words shall be inserted after any reference in the General Conditions to the word "nominee":

"(Sw: *förvaltare*) in accordance with the Swedish Financial Instruments Accounts Act (Sw. *Lagen (1998:1479) om kontoföring av finansiella instrument*)"

## *Regional Annex*

### 5. FINAL TERMS

The following shall be inserted after the seventh paragraph of the General Conditions:

The final terms for Swedish Notes (or the relevant provisions thereof) are set out in Part A of the Final Terms which supplement the General Conditions (the "**Conditions**", which term shall include one or more Technical Annex(es) (each a "**Technical Annex**") if specified as applicable in such Final Terms) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify the Conditions for the purposes of Swedish Notes. References to the "**applicable Final Terms**" are to Part A of the Final Terms (or the relevant provisions thereof).

### 6. FORM, DENOMINATION AND TITLE

General Condition 1 (*Form, Denomination and Title*) shall be amended:

- (i) by the insertion of the following after the first paragraph thereof:

"Swedish Notes are in the Specified Currency and the Specified Denomination, and registered with a separate ISIN code. No global or definitive Swedish Notes will be issued and these Conditions shall be construed accordingly.

The holder of a Swedish Note will be the person appearing in the relevant register in accordance with the legislation, rules and regulations applicable to, and/or issued by, Euroclear Sweden (the "**CSD Register**") and the term "**Noteholder**" shall be construed accordingly. Where a nominee (Sw: *förvaltare*) in accordance with the Swedish Financial Instruments Accounts Act (Sw. *Lagen (1998:1479) om kontoföring av finansiella instrument*) is so evidenced it shall be treated by the Issuer as the holder of the relevant Swedish Notes (such nominee a "**Nominee**").

No exchange of Swedish Notes for Registered Notes or Bearer Notes shall occur or *vice versa*."

- (ii) by the insertion of the following after the fourth paragraph thereof:

"Settlement with respect to the Swedish Notes shall be by way of cash payment ("**Cash Settled Swedish Notes**" or "**Cash Settled Notes**"); and

- (iii) by the insertion of the following after the final paragraph thereof:

"Swedish Notes will be transferable only in accordance with the provisions of the Swedish Financial Instruments Accounts Act (Sw. *Lagen (1998:1479) om kontoföring av finansiella instrument*), other applicable Swedish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Sweden."

### 7. TRANSFERS OF REGISTERED NOTES

The following shall be inserted as a new General Condition 2.8:

#### **"2.8 Transfers of Swedish Notes**

Title to Swedish Notes will pass by registration in the register that the Issuer will procure to be kept by Euroclear Sweden on behalf of the Issuer (the "**CSD Register**"). Where a nominee is so evidenced it shall be treated as the holder of the relevant Swedish Notes."

## ***Regional Annex***

### **8. INTEREST**

For the purposes of the fourth paragraph of General Condition 5.2 (*Interest on Fixed Rate Notes*) and the third paragraph of General Condition 5.3(D) (*Determination of Rate of Interest and calculation of Interest Amounts*), references to Notes represented by a Global Note shall be deemed to include Swedish Notes.

### **9. PAYMENTS**

- (a) The following shall be inserted as a new General Condition 6.8:

#### **"Payments in respect of Swedish Notes**

Payments in respect of Swedish Notes will be made on the due date for payments to the persons registered as Noteholders in the register maintained by Euroclear Sweden on the fifth (5) Banking Day (or in accordance with the rules and procedures applied by Euroclear Sweden from time to time), prior to the due date for such payment. If the date for payment of any amount in respect of Swedish Notes is not a Banking Day, the holder thereof shall not be entitled to payment until the next following Banking Day and shall not be entitled to interest or other payment in respect of such delay. For these purposes, "**Banking Day**" means any day (other than a Saturday or a Sunday) on which commercial banks are generally open for business, including dealings in foreign exchange and foreign currency deposits in Stockholm and London. General Conditions 6.3, 6.4, 6.5 and 6.6 shall not apply to Swedish Notes".

- (b) The following shall be inserted as a new General Condition 6.9:

#### **"Method of Payment in respect of Swedish Notes**

Subject as provided below, payments with respect to Swedish Notes:

- (A) in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency; and
- (B) in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of General Condition 8 (*Taxation*)."

### **10. REDEMPTION AND PURCHASE**

- (a) The following shall be inserted at the end of General Condition 7.10 (*Purchases*):

"The Issuer, the Guarantor or any Affiliate of the Issuer or the Guarantor may at any time purchase Swedish Notes at any price in the open market or otherwise. Such Swedish Notes may be held, reissued or resold."

- (b) The following shall be inserted at the end of General Condition 7.11 (*Cancellation*):

"All Swedish Notes which are redeemed will forthwith be cancelled and cannot be reissued or resold."

## ***Regional Annex***

### **11. PRESCRIPTION**

The following shall be inserted at the end of General Condition 9 (*Prescription*):

"Claims against the Issuer for the payment of principal payable in respect of the Swedish Notes shall be prescribed unless made within ten years after the Relevant Date (as defined below) and thereafter any principal payable in respect of such Swedish Notes shall be forfeited and revert to the Issuer.

For the purposes of the General Conditions, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Swedish Issuing and Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with General Condition 14 (*Notices*)."

### **12. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

General Condition 11 (*Replacement of Notes, Receipts, Coupons and Talons*) shall not apply to the Swedish Notes.

### **13. AGENTS**

General Condition 12 (*Agents*) shall be amended:

- (i) by the insertion of the following at the end of paragraph (A) thereof:

"and in the case of Swedish Notes, references to "Agent" shall include the Swedish Issuing and Paying Agent or any successor, in each case provided, that it is duly authorised under the Swedish Financial Instruments Accounts Act (Sw. *Lagen (1998:1479) om kontoföring av finansiella instrument*)";

- (ii) by the insertion of the following after the fourth paragraph thereof:

"The Issuer has, in accordance with the Swedish Financial Instruments Accounts Act (Sw. *Lagen (1998:1479) om kontoföring av finansiella instrument*) appointed (i) Euroclear Sweden as the central securities depository, and (ii) Nordea Bank AB as Swedish Issuing and Paying Agent. References in the Conditions to "Paying Agent" shall be deemed to include the Swedish Issuing and Paying Agent; and

- (iii) by the insertion of the following after the last paragraph thereof;

"Euroclear Sweden acts solely as agent of the Issuer and does not assume any obligation to, or relationship of agency or trust with the Noteholders.

In respect of Swedish Notes, the Issuer reserves the right at any time to vary or terminate the appointment of the Swedish Issuing and Paying Agent and to appoint a substitute agent, provided that the Issuer shall at all times maintain a Swedish Issuing and Paying Agent authorised to act as an account operating institution with Euroclear Sweden.

Copies of the Swedish Issuing and Paying Agency Agreement will be available for inspection during normal business hours at the specified offices of the Swedish Issuing and Paying Agent and the Issuer, respectively."

### **14. EXCHANGE OF TALONS**

General Condition 13 (*Exchange of Talons*) shall not apply to Swedish Notes.

## *Regional Annex*

### 15. NOTICES

The following shall be inserted at the end of General Condition 14 (*Notices*):

"All notices regarding the Swedish Notes will be deemed to be validly given if sent by mail to a Noteholder to the address registered for such Noteholder in the system of Euroclear Sweden or in accordance with the legislation, rules and regulations applicable to, and/or issued by, Euroclear Sweden. Any such notice shall be deemed to have been given, if sent by mail to the Noteholders, on the fourth day following the day the notice was sent by mail.

Notices to be given by any Noteholder shall be in writing and given by lodging the same with the Swedish Issuing and Paying Agent."

### 16. SUBSTITUTION

General Condition 15(a) (*Substitution of Issuer*) shall be amended by the addition of the following after the words "General Condition 14 (*Notices*)" in the last line thereof:

"and (vii) the Euroclear Sweden has given its consent to such substitution".

### 17. MEETINGS OF NOTEHOLDERS AND MODIFICATIONS

The following shall be inserted at the end of General Condition 16 (*Meetings of Noteholders and Modifications*):

"The Swedish Issuing and Paying Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Swedish Notes or any of the provisions of the Swedish Issuing and Paying Agency Agreement. Such a meeting may be convened by the Issuer or the Swedish Issuing and Paying Agent and shall be convened by the Issuer if required in writing by Noteholders holding not less than 5 per cent. (5%) in nominal amount of the Swedish Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons who (as of the fifth (5th) Business Day prior to the meeting) are entered into the CSD Register as Noteholders of or representing not less than 50 per cent. (50%) in nominal amount of the Swedish Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Swedish Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Swedish Notes or the Swedish Issuing and Paying Agency Agreement (including modifying the date of maturity of the Swedish Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Swedish Notes or altering the currency of payment of the Swedish Notes), the quorum shall be one or more persons holding or representing not less than two-thirds in aggregate nominal amount of the Swedish Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in aggregate nominal amount of the Swedish Notes for the time being outstanding. A resolution passed at a meeting of the Noteholders shall be binding upon all Noteholders whether or not they were present at the meeting and regardless of if and how they voted at the meeting.

If the holder of Swedish Notes held through a nominee (an "**Indirect Noteholder**") attends the meeting (in person or through a duly authorised agent) and shows a certificate from the relevant nominee showing such Indirect Noteholder on the fifth (5th) Business Day prior to the meeting, and the number of Notes held by such Indirect Noteholder, the Indirect Noteholder shall be regarded as the Noteholder for the purposes of this General Condition 16.

The Issuer may decide upon additional administrative regulations for meetings of the Swedish Noteholders in addition to those set forth in this General Condition 16.

## ***Regional Annex***

The Issuer shall bear the reasonable costs of (i) any agent appointed by the Noteholders to represent them before any court or an administrative authority (except where such costs have arisen from frivolous or vexatious claims brought by Noteholders) and (ii) which Euroclear Sweden incurred in conjunction with a meeting of the Noteholders, irrespective of who convened the meeting.

The Issuer may without the consent of the Noteholders make (i) any modification to the Swedish Notes or the Swedish Issuing and Paying Agency Agreement which is not prejudicial to the interests of the Noteholders; or (ii) any modifications of the Swedish Notes or the Swedish Issuing and Paying Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or proven error or to comply with mandatory provisions of the law. Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with General Condition 14 (*Notices*)."

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.



## DESCRIPTION OF ABBEY NATIONAL TREASURY SERVICES PLC

The Issuer is a public limited liability company incorporated and registered in England and Wales under the Companies Act 1985. The Issuer was incorporated on 24 January 1989 with registered number 2338548, is regulated by the Financial Services Authority and is an authorised person with permission to accept deposits under the FSMA.

The Issuer is a direct wholly-owned subsidiary of Abbey National, which has given a full and unconditional guarantee in respect of the liabilities of the Issuer and Banco Santander owns the entire issued ordinary share capital of Abbey National. Banco Santander is able (subject to any regulatory constraints or considerations) to control the Issuer by procuring that Abbey National's votes at general meetings of the Issuer are exercised in a particular way.

Currently, the Issuer's registered office is at Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN. The telephone number of the Issuer's registered office is 0870 607 6000.

Abbey National Treasury Services plc falls within the Global Banking & Markets, Corporate Banking and Group Infrastructure Divisions of the Abbey Group. It currently operates the following sub-divisions:

- Asset & Liability Management ("ALM");
- Santander Global Banking & Markets ("SGBM"); and
- Corporate Banking.

ALM is responsible for managing the Group's structured liquidity. This includes Abbey National's capital management activities and medium and long-term funding programmes. ALM recommends and helps to implement risk policies for all aspects of balance sheet management – formulating guidance for, and monitoring, the overall balance sheet shape, including maturity profile.

SGBM is principally structured into two business areas: Rates and Equity. Rates covers sales and trading activity for fixed income derivatives. Equity comprises the Equity Derivatives, Property Derivatives and Short Term Markets areas. Equity and residential property derivatives activities include the manufacture of structured products sold to retail customers both by Abbey National and by other financial institutions. Short Term Markets runs the securities lending/borrowing and repurchase agreement ("repo") businesses and retains a U.S. branch for funding purposes.

Corporate Banking provides a range of banking services principally to small and mid-sized UK companies in a variety of sectors including Real Estate, Social Housing, Education, Health and Communities. It provides funding and a range of treasury services via SGBM.

As at the date hereof, the following are the members of the Board of Directors of the Issuer:

<b>Position</b>	<b>Name</b>
Directors	Jaime Astarloa Federico Ysart Brian Morrison Davin Green

The business address of each of the above is Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN with telephone number 0870 607 6000. None of the above has any activities outside the Group which are significant within the context of the Group.

### Conflicts of Interest

There are no conflicts of interest between the duties to the Issuer of the persons listed as members of the Board of Directors above and their private interests and or other duties.

## **Corporate Governance**

The Issuer complies with the requirements of the United Kingdom's corporate governance regime.

## DESCRIPTION OF ABBEY NATIONAL PLC AND THE ABBEY NATIONAL GROUP

### Background

Abbey National was formed as a building society in 1944 and is now a public limited liability company incorporated and registered in England and Wales under the Companies Act 1985. Abbey National was incorporated on 12 September 1988 with registered number 2294747.

The registered office of Abbey National is at Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN. The telephone number of Abbey National's registered office is 0870 607 6000.

On 12 November 2004, Banco Santander completed the acquisition of the entire issued ordinary share capital of Abbey National, implemented by means of a scheme of arrangement under Section 425 of the Companies Act 1985. Banco Santander is one of the largest banks in the world by market capitalisation. Founded in 1857, Banco Santander has approximately 80 million customers, over 14,000 branches and a presence in over 40 countries.

### Corporate Purpose and Strategy

Abbey National's purpose is to maximise value for its shareholder, Banco Santander, by focusing on offering a full commercial banking service in the United Kingdom providing value-for-money products to customers. With the continuing support of Banco Santander, Abbey National aims to be the best commercial bank in the United Kingdom.

### Business and Support Divisions

Abbey National's management structure consists of a number of business and support divisions. The business divisions consist of:

- **Retail Banking**

Retail Banking consists of residential mortgages, savings, banking and consumer credit, cahoot, general insurance, Abbey Business and an asset management business that was sold at the end of 2006.

- **Global Banking & Markets**

Global Banking & Markets is structured into two business areas, Rates and Equity. Rates cover sales and trading activity for fixed income derivatives. Equity comprises the Equity Derivatives, Property Derivatives, and Short Term Markets areas.

- **Corporate Banking**

Corporate Banking provides a range of banking services, including loans, deposits, trade finance and supplier payment solutions, principally to small and mid-sized United Kingdom companies in a variety of sectors including Real Estate, Social Housing, Education, Health and Communities. It provides funding and a range of treasury services via Global Banking & Markets. It is also developing a full service small and medium-size enterprise (SME) operation, enabling it to compete in the United Kingdom's mid-corporate business banking segment.

- **Private Banking** (formerly known as Wealth Management)

Private Banking offers private banking services, self-invested personal pension plans, a WRAP (portfolio management) service and other specialist banking services.

The support divisions consist of:

- **Retail Products and Marketing** - responsible for integrating and gaining the maximum value from Abbey National's products, marketing and brand communications to serve Abbey National's customers better.
- **Human Resources** - responsible for delivering the human resources strategy and personnel support. It also includes the learning function.
- **Manufacturing** - responsible for all information technology, cost control and operations activity, including service centres.
- **Risk** - responsible for ensuring that the Board and senior management team of Abbey National are provided with an appropriate risk policy and control framework, and to report any material risk issues to the Risk Committee and the Board.
- **Internal Audit** - responsible for supervising the compliance, effectiveness and efficiency of Abbey National's internal control systems to manage its risks.

In addition there are a number of corporate units - Corporate Services; Service Quality; Finance, Strategy & Planning; Group Infrastructure, which includes Asset & Liability Management, Group Capital and Funding.

#### **Transfer of retail deposits, branch network and related employees - Bradford & Bingley plc**

In September 2008, following the announcement by HM Treasury to take Bradford & Bingley plc into public ownership, the retail deposits, branch network and its related employees transferred, under the provisions of the UK Banking (Special Provisions) Act 2008, to Abbey National. All of Bradford & Bingley plc's customer loans and treasury assets, including all its mortgage assets, were taken into public ownership. The transfer to Abbey National consisted of the £20bn retail deposit base with 2.7 million customers, as well as Bradford & Bingley plc's direct channels including 197 retail branches, 141 agencies (distribution outlets in third party premises) and related entities. The acquisition price was £612m, including the transfer of £208m of capital relating to offshore companies. The transfer of Bradford & Bingley plc's customers and their retail deposits further strengthened Abbey's retail customer deposit base and franchise.

#### **Capital injection – Abbey National**

On 13 October 2008, Banco Santander injected £1bn in the form of Tier one capital into Abbey National. This capital was, in turn, transferred to A&L in December 2008 (See "*Acquisitions – Alliance & Leicester plc*" below).

#### **Acquisitions – Alliance & Leicester plc ("A&L")**

On 10 October 2008, Banco Santander completed the acquisition of the entire issued ordinary share capital of A&L, implemented by means of a Scheme of Arrangement under Section 425 of the Companies Act 1985.

Following the acquisition of A&L by Banco Santander, a new management structure was announced for A&L such that the same persons sit on each of the Board and Executive Committee of Abbey National and A&L.

In 2008, Banco Santander's commitments to the UK Government and regulators to improve A&L's Tier 1 ratio were met using the additional £1bn of capital announced at the time of the acquisition of A&L, which was transferred into Abbey National from Banco Santander. This capital has, in turn, been transferred to A&L. In December 2008, Abbey National injected £950m of capital into A&L through a subscription of: (i) 234,113,712 A&L ordinary shares for cash at £2.99 per ordinary share; (ii) US\$220m undated subordinated notes issued by A&L; and (iii) Euro 115m undated subordinated notes issued by A&L. Previously, in October 2008, Abbey National subscribed for U.S.\$100m undated floating rate subordinated notes issued by A&L. As a result of the subscription of ordinary shares, Abbey National held 35.6% of the issued share capital of A&L at 31 December 2008.

On 9 January 2009, in order to optimise the capital, liquidity funding and overall financial efficiency of the enlarged Grupo Santander, Banco Santander transferred all of its A&L shares to Abbey National in exchange for Abbey National newly issued ordinary shares. Accordingly, Abbey National is now the immediate parent company of A&L.

In order to continue growing Abbey National's business and enable further investment in frontline services and branches, Abbey National will be transferring A&L's savings operations onto Banco Santander's proprietary IT platform, Partenon, as well as removing duplicated back office and support functions across the business.

Abbey National has given a full and unconditional guarantee in respect of the unsubordinated liabilities of A&L incurred prior to 31 July 2012. A&L in turn has given a full and unconditional guarantee in respect of the unsubordinated liabilities of Abbey National incurred prior to 31 July 2012. Each guarantee is granted pursuant to a deed poll entered into by Abbey National and A&L on 19 March 2009. The respective forms of the deed poll guarantees are included in the consolidated annual report and accounts of Abbey National for the year ended 31 December 2008 and the consolidated annual report and accounts of A&L for the year ended 31 December 2008, each of which are incorporated by reference into this Prospectus. The deed poll guarantees referred to above do not constitute a direct guarantee of the Notes.

A&L is a public limited company incorporated and registered in England and Wales under the Companies Act 1985. The Alliance & Leicester Building Society (the "**Society**") was formed in 1985 with the merger of two long-standing building societies, the Alliance Building Society and the Leicester Building Society. In 1997, A&L was incorporated as a bank and the Society transferred business to A&L as part of the conversion and listing on the London Stock Exchange. A&L was incorporated as a public limited company on 10 October 1996 (with registration number 3263713) and the conversion became effective as of 21 April 1997.

The A&L Group operates primarily in the UK. A&L is a significant financial services provider in the UK, operating across the full range of personal financial services.

The registered office of A&L is Carlton Park, Narborough, Leicester LE19 0AL. The telephone number of A&L's registered office is +44 (0) 116 201 1000.

A&L's management structure consists of a number of business and support divisions. The business divisions consist of: Retail Banking, Corporate Banking and Treasury & Group Items. The support divisions consist of: Retail Products and Marketing, Human Resources, Manufacturing, Risk and Internal Audit. In addition there are a number of corporate units: Corporate Services, Service Quality, Group Infrastructure, Finance, Strategy & Planning and Communications and Santander Universities in the UK.

The directors of A&L are set out in the table below, "*Directors of Abbey National*", which sets forth the directors of Abbey National. The business address of each of the directors of A&L is Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN with telephone number 0870 607 6000. There are no potential conflicts of interest between the duties to A&L of the persons listed under "*Directors of Abbey National*" below and their private interests or other duties.

## **Economic Environment and Competition**

### **Competitive environment, future trends and outlook**

The economic environment in 2008 was very difficult, with falling house and share prices, rising unemployment, and difficulties facing banks, homeowners and savers. In the US, some financial institutions collapsed and others were bought out. The UK's retail banks also underwent significant changes, with Northern Rock plc and Bradford & Bingley plc taken into public ownership (with the exception of the retail deposits, branch network and related employees of Bradford & Bingley plc, which were transferred to Abbey National, as described above). The UK Government also subscribed for substantial holdings of shares in Royal Bank of Scotland Group plc and Lloyds TSB Group plc, and some other banks and building societies were bought out. The UK Government continues to support UK

banks during the current market turmoil through the Special Liquidity Scheme, the Asset Protection Scheme the Credit Guarantee Scheme and the U.K. Banking Act 2009.

Abbey National's main competitors are other UK retail banks, building societies and other financial services providers such as insurance companies, supermarket chains and large retailers. The market has been highly competitive, driven largely by market incumbents. Management expects such competition to continue in response to competitor behaviour, consumer demand, technological changes, the impact of consolidation, regulatory actions and other factors.

### **Key Financial Highlights**

The Abbey National Group delivered statutory profit growth of approximately 20% for the year ended 31 December, 2008. The Group's profit on continuing operations before tax for the year ended 31 December 2008 was £1,094m (2007: £864m), and the Group's net interest income for the year ended 31 December 2008 was £1,772m (2007: £1,499m).

The trading profit before tax of Personal Financial Services (which consists of Retail Banking, Global Banking and Markets, Corporate Banking, Private Banking, Group Infrastructure and sold life businesses) for the year ended 31 December 2008 increased by £197m to £1,301m (2007: £1,104m).

The trading income of Personal Financial Services for the year ended 31 December 2008 increased by 12.7% in comparison to the previous year.

The net interest income of Retail Banking for the year ended 31 December 2008 was £1,827m (2007: £1,623m).

The net interest expense of Corporate Banking for the year ended 31 December 2008 increased by £18m to £(13)m (2007: £(31)m) by taking a prudent lending approach whilst taking advantage of opportunities in the market to improve margins.

The net interest income of Private Banking for the year ended 31 December 2008 was £85m (2007: £70m). This net income increase of £15m reflects growth in all business areas, in particular Cater Allen and Abbey International which were driven by increased customer deposits.

The trading profit before tax of Global Banking & Markets for the year ended 31 December 2008 was £219m (2007: £153m), which reflects a strong performance in both Rates and Equity business, due to increased transactional flow arising from close co-operation with other parts of the Abbey National Group.

The trading expenses for Personal Financial Services for the year ended 31 December 2008 was £1,340m (2007: £1,299m) reflecting the impact of the acquisition of Bradford & Bingley plc's branch and savings operations. The Group's trading cost to income ratio for the year ended 31 December 2008 was 45% (2007: 50%).

In addition to the above, comparative tables of the profit before tax results of Personal Financial Services can be found in the table "Personal Financial Services profit before tax by segment" on page 13 of the "Business Review – Personal Financial Services" section of Abbey National's Annual Report and Accounts for the year ended 31 December 2008, which are incorporated into this document by reference.

### **Directors of Abbey National**

The following table sets forth the directors of Abbey National plc.

<i>Position</i>	<i>Name</i>	<i>Other principal activities</i>
Chairman	Lord Terence Burns	Non-Executive Director, Banco Santander S.A. Chairman, Glas Cymru Cyfyngedig (Welsh Water)

		<p>Non-Executive Director, Pearson plc  Chairman, Alliance &amp; Leicester plc  President, National Institute of Economic and Social Research.  Fellow, London Business School  Companion of the Institute of Management  President of the Society of Business Economists  Vice President of the Royal Economic Society</p>
Deputy Chairman and Non-Executive Director	Juan Rodriguez Inciarte	<p>Chief Executive of Santander Consumer Finance, S.A.  Executive Vice President of Banco Santander S.A.  Non-Executive Director, Alliance &amp; Leicester plc.  Director, ABN AMRO Holding N.V.  Director, ABN AMRO Bank N.V.  Director, Compañía Española de Petróleos  Director, NIBC Bank N.V.</p> <p>Director, Banco Banif S.A.  Director, Vista Capital de Expansion S.A.  Director and member of the Executive Committee of Sovereign Bancorp in the U.S.</p>
Chief Executive	António Horta-Osório	<p>Chief Executive of Alliance &amp; Leicester plc  Non-Executive Chairman, Banco Santander Totta S.A.  Director, Banco Santander de Negócios Portugal S.A.  Director, Banco Santander Totta SGPS  Executive Vice President, Banco Santander, S.A.</p>
Executive Directors	Nathan Bostock* Alison Brittain David Bennett	<p>Executive Director, Alliance &amp; Leicester plc  Executive Director, Alliance &amp; Leicester plc  Executive Director, Alliance &amp; Leicester plc  Non-Executive Director, Easyjet plc</p>
Non-Executive Directors	Jane Barker	<p>Chief Executive Officer, Equitas Limited  Non-Executive Director, Alliance &amp; Leicester plc</p>
	Roy Brown	<p>Chairman, GKN plc  Senior Independent Director, HMV Group plc  Non-Executive Director, Alliance &amp; Leicester plc</p>
	José Maria Fuster	<p>Executive Vice President of Operations and Technology and Non-Executive Director of Banesto  Chief Information Officer for Banco Santander, S.A.  Non-Executive Director, Alliance &amp; Leicester plc</p>
	José María Carballo	<p>Chairman, La Unión Resinera Española  Chairman, Vista Desarrollo  Director, Teleférico Pico del Teide, S.A.  Director, Vista Capital Expansion S.A. S.G.E.C.R.  Non-Executive Director, Alliance &amp; Leicester plc</p>

Rosemary Thorne

Senior Independent Director on the board of  
Smurfit Kappa Group plc  
Non-Executive Director, Alliance & Leicester plc

Keith Woodley

Complaints Commissioner for the London Stock  
Exchange  
Council Member and Pro-Chancellor, University of  
Bath.  
Non-Executive Director, Alliance & Leicester plc

\* On 26 February 2009 it was announced by Abbey National plc and Alliance & Leicester plc that Nathan Bostock will be leaving the company but will remain with the business until 1 June 2009 in order to ensure a smooth transfer.

The business address of each of the directors is Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN with telephone number 0870 607 6000.

### **Conflicts of Interest**

There are no conflicts of interest between the duties to the Guarantor of the persons listed under "Directors of Abbey National" above and their private interests and or other duties.

### **Corporate Governance**

Abbey National complies with the requirements of the United Kingdom's corporate governance regime.



## BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer and the Guarantor believe to be reliable. The Issuer and the Guarantor accept responsibility for the information contained in this section. Each of the Issuer and the Guarantor confirms that the information contained in this section has been accurately reproduced as far as each of the Issuer and the Guarantor is aware and is able to ascertain from information published by the above sources, and that no facts have been omitted which would render the reproduced information inaccurate or misleading. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the Relevant Clearing System. None of the Issuer, the Guarantor, the Dealers and the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records or payments relating to such beneficial ownership interests.*

### Book-entry Systems

#### DTC

DTC has advised the Issuer and the Guarantor that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a member of the Federal Reserve System a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds and provides asset servicing for securities that its participants ("**Participants**") deposit with DTC. DTC also facilitates the post trade settlement among Participants of sales and other securities transactions in deposited securities through electronic computerised book-entry changes between Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations ("**Direct Participants**"). DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("**DTCC**"). DTC, in turn, is owned by a number of Direct Participants and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation ("**NSCC**", "**GSCC**", "**MBSCC**" and "**EMCC**", also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Direct or Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the United States Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants can receive payments and transfer their interest with respect to the DTC Notes.

Purchases of DTC Notes under the DTC System must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners

will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other nominee as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an account of their holdings of DTC Notes on behalf of their customers.

Delivery of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes of a Series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series to be redeemed.

Neither DTC nor Cede & Co. nor such other nominee will consent or vote with respect to DTC Notes. Under its usual procedures, DTC will mail an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Direct or Indirect Participant and not of DTC or its nominee or the Issuer or the Guarantor, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC is the responsibility of the Issuer or the Guarantor, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants. Neither the Issuer nor the Guarantor accept any responsibility or liability for any such payments to be made by DTC or by Direct or Indirect Participants.

#### *Euroclear and Clearstream, Luxembourg*

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to

Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

### **Book-entry Ownership of and Payments in respect of DTC Notes**

The Issuer will apply to DTC in order to have each Tranche of Notes represented by Rule 144A Global Notes accepted in its book-entry settlement system. Upon the issue of any Rule 144A Global Notes, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Rule 144A Global Notes to the accounts of DTC Participants. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in a Rule 144A Global Note will be held through Direct Participants or Indirect Participants of DTC, including the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Rule 144A Global Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Rule 144A Global Note registered in the name of DTC's nominee will be made to the order of such nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made by the Issuer to the Exchange Agent on behalf of DTC's nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Rule 144A Notes in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

### **Transfers of Notes Represented by Registered Global Notes**

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the Relevant Clearing System. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note to pledge such Notes to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the Relevant Clearing System in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian ("**Custodian**") with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date. The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg and DTC Participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of crossmarket transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be

made on a delivery versus payment basis. The securities will be delivered on a delivery free of payment basis and arrangements for payment must be made separately.

DTC, Euroclear and Clearstream, Luxembourg have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Euroclear and Clearstream, Luxembourg. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantor, the Agents or any Dealer will be responsible for any performance by DTC, Euroclear or Clearstream, Luxembourg or their respective Direct or Indirect Participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

The Issuer will not be responsible for the operation of the clearing arrangements which is a matter for the clearing institutions, their nominees, their participants and the investors.

### **Euroclear Sweden AB**

Euroclear Sweden (formerly known as VPC AB) is a Swedish private limited liability company managing account operations and clearing activities for the Swedish financial market. Euroclear Sweden is an authorised central securities depository pursuant to the Swedish Financial Instruments Accounts Act (SFS 1998: 1479) (Sw. Lagen (1998:1479) om kontoföring av finansiella instrument) and is acting under the supervision of the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*). Euroclear Sweden is owned by Euroclear S.A.

For each security issued through Euroclear Sweden, a CSD Register (*Sw. avstämningsregister*) is created. The CSD Register will consist of a number of accounts, one for each holder of the security in question. Such account is opened by the holder in person or by a nominee (*Sw. förvaltare*) on behalf of the holder. Title to a registered security is transferred through registration in the system operated by Euroclear Sweden (the "**VPC System**").

In conjunction with an issue of securities to be registered in the VPC System, the Issuer must engage a financial institution authorised by Euroclear Sweden to operate as an issuer agent. The issuer agent is responsible for ensuring that the instructions received from the Issuer with respect to the issue are duly registered. The issuer agent will be authorised to act on behalf of the Issuer in dealings with Euroclear Sweden.

## TAXATION

### 1. United Kingdom Taxation

*The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of the Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Notes. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The UK tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.*

#### ***Payment of Interest on the Notes***

The Issuer, provided that it continues to be a bank for the purposes of section 991 of the Income Tax Act 2007 ("ITA 2007") and provided that the interest on the Notes is paid in the ordinary course of its business within the meaning of section 878 of ITA 2007, will be entitled to make payments of interest without withholding or deduction for or on account of United Kingdom income tax.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of ITA 2007. The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax whether or not the Issuer carries on a banking business in the United Kingdom and whether or not the interest is paid in the ordinary course of its business.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HM Revenue and Customs ("HMRC") has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where the maturity of the Notes is less than 365 days and these Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the savings rate (currently 20.00 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Noteholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Notes which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person, although HMRC's published practice

indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2009. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

### ***EU Savings Directive***

Under EC Council Directive 2003/48/EC on the taxation of savings income (which has been implemented into UK law) Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during such period they elect otherwise) to impose a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

## **2. U.S. Taxation**

The applicable Final Terms relating to any Tranche of Notes, all or a portion of which are to be offered or sold to, or for the account or benefit of, a U.S. person will set forth information regarding the U.S. federal income tax treatment of any such Notes. Investors considering the purchase of Notes should consult their own tax advisers concerning the application of U.S. federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of Notes arising under the laws of any other taxing jurisdictions.

## **3. Italian Taxation**

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Italy, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Italian tax law, to which they may be subject.

### ***Tax treatment of the Notes***

Legislative Decree No. 239 of 1 April 1996, as subsequently amended, (the "*Decree No. 239*") provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by non-Italian resident issuers.

Where the Notes have an original maturity of at least 18 months and an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito* regime – see "Capital Gains Tax" below), (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 12.50 per cent. In the event that the Noteholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to IRAP - the regional tax on productive activities).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001, as clarified by the Italian Ministry of Economics and Finance through Circular No. 47/E of 8 August 2003, payments of Interest in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 are subject neither to substitute tax nor to any other income tax in the hands of a real estate investment fund.

However, Law Decree No. 112 of 25 June 2008, converted with amendments into Law No. 133 of 6 August 2008, has introduced a 1 per cent. property tax applying on real estate investment funds' net value where (i) their units are not expected to be listed on regulated markets and (ii) their equity is less than €400,000,000, if: (a) there are less than 10 unitholders, or (b) funds are reserved to institutional investors or are speculative funds and their units are held, for more than 2/3, by individuals, trusts or other companies referable to individuals.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (the "**Fund**") or a SICAV, and the Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund accrued at the end of each tax period, subject to an ad hoc substitute tax applicable at a 12.50 per cent. rate.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11 per cent. substitute tax.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each an "**Intermediary**").

An intermediary must (i) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (ii) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

If the Notes are issued for an original maturity of less than 18 months, the *imposta sostitutiva* applies at the rate of 27.00 per cent. The 27.00 per cent. *imposta sostitutiva* is also applied to any payment of interest or premium relating to the Notes made to (i) Italian pension funds, (ii) Italian Funds and (iii) Italian SICAVs.

### **Early Redemption**

Without prejudice to the above provisions, in the event that Notes having an original maturity of at least 18 months are redeemed, in full or in part, prior to 18 months from their issue date, Italian resident Noteholders will be required to pay, by way of a withholding to be applied by the Italian intermediary responsible for payment of interest or

the redemption of the Notes, an amount equal to 20 per cent. of the interest and other amounts accrued up to the time of the early redemption.

### ***Atypical securities***

Interest payments relating to Notes that do not fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 27.00 per cent. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value.

The 27.00 per cent. withholding tax mentioned above does not apply to interest payments made to a non-Italian resident Noteholder and to an Italian resident Noteholder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

### ***Non-Italian Resident Noteholders***

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Noteholder of interest or premium relating to the Notes provided that, if the Notes are held in Italy, the non-Italian resident Noteholder declares itself to be a non-Italian resident according to Italian tax regulations.

### ***Payments made by a non-resident Guarantor***

With respect to payments made to Italian resident Noteholders by a non-Italian resident guarantor, in accordance with a certain interpretation of Italian tax law, any such payment made by the Italian non-resident guarantor could be treated, in certain circumstances, as a payment made by the Issuer and would thus be subject to the tax regime described in the previous paragraphs of this section.

### ***Capital Gains Tax***

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an individual not holding the Notes in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 12.50 per cent. Noteholders may set off losses with gains.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the "tax declaration" regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.



As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the imposta sostitutiva separately on capital gains realised on each sale or redemption of the Notes (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the *risparmio amministrato* regime being punctually made in writing by the relevant Noteholder. The depositary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in its annual tax return.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.50 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in its annual tax return.

Any capital gains realised by a Noteholder which is an Italian open ended or a closed-ended investment fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 12.50 per cent. substitute tax.

Any capital gains realised by a Noteholder which is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of the Notes are not subject to Italian taxation, provided that the Notes (i) are traded on regulated markets, or (ii) if not traded on regulated markets, are held outside Italy.

### ***Inheritance and gift taxes***

Pursuant to Law Decree No. 262 of 3 October 2006, (Decree No. 262), converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4.00 per cent. on the value of the inheritance or the gift exceeding EUR 1,000,000;
- (ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6.00 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6.00 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding €100,000; and
- (iii) any other transfer is subject to an inheritance and gift tax applied at a rate of 8.00 per cent. on the entire value of the inheritance or the gift.

## ***Transfer Tax***

Article 37 of Law Decree No. 248 of 31 December 2007 (Decree No. 248), converted into Law No. 31 of 28 February 2008, published on the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007, contracts relating to the transfer of securities are subject to the registrations tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at rate of €168; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

## ***Implementation in Italy of the EU Savings Directive***

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (the Decree No. 84). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

## **4. Spanish Taxation**

The following is a summary of the main Spanish tax consequences deriving from the ownership, transfer, redemption or reimbursement of the Notes referred to in this document for those individuals or entities who are Spanish tax resident and for persons acting with respect to the Notes through a Spanish permanent establishment. Specific issues of Notes may, depending on the applicable Final Terms, give rise to different Spanish tax consequences than those set out herein.

This summary is based on the general tax rules currently in force in Spain and, specifically, those contained in the general tax system established in the Corporate Income Tax ("**CIT**") Law (Royal Decree Law 4/2004, 5 March 2004, as amended ("**CIT Law**")) and in the Personal Income Tax ("**PIT**") Law (Law 35/2006, 28 November 2006 ("**PIT Law**")) and may not apply to those individuals or entities subject to special tax regimes (such as persons who are tax residents of those Spanish provinces which are empowered to enact their own tax rules, exempt entities, cooperatives, "look-through" entities, etc.). The principles provided below are based on the provisions currently applicable which may be revoked or amended (even retrospectively), resulting in different tax consequences from those described herein.

If you are in any doubt regarding your tax position you should seek independent professional advice without delay.

## ***Individual Income Tax***

The Notes are deemed securities (*activos financieros*), in accordance with the definition set forth in Article 91 of the Regulations of PIT (approved by the Royal Decree 439/2007, 30 March 2007, the "**PIT Regulations**") and its interpretation by the Spanish tax authorities and hence the rules provided with regard to securities apply.

According to Article 25.2 of PIT Law and its interpretation by the Spanish tax authorities, the income in the form of interest obtained on the lending to third parties of funds and any other form of compensation agreed as remuneration for such lending, as well as the income arising from the transfer, reimbursement, redemption, exchange or conversion of this type of security, will be deemed income from movable property (i.e. financial income).

The net taxable income shall be determined, in the case of transfer, reimbursement or redemption, on the difference between the transfer price and its acquisition cost. Properly justified ancillary expenses related to the acquisition or transfer of the Notes may be taken into account in order to quantify the net taxable income. Management and deposit expenses, excluding those pertaining to discretionary or individual portfolio management, are deductible from the gross income.

Exceptionally, losses derived from the transfer of the Notes, in the event that a taxpayer had acquired other similar securities within the two months prior or subsequent to such transfer, shall be included in his or her taxable base as and when the remaining similar debt securities are transferred.

The net income from movable property will be included in the special taxable base of the Noteholder for PIT purposes at the tax rate of 18.00 per cent.

In general terms, income derived from the Notes is subject to Spanish withholding tax on account of the PIT of the Spanish Noteholder to the extent that a withholding agent resident in Spain or operating, in relation to the Notes, through a Spanish permanent establishment intervenes with respect to the Notes. No Spanish withholding tax will be levied by either the Issuer or the Paying Agents in relation to the Notes, since such entities are not resident in Spain for tax purposes and do not act, with respect to the Notes, through a Spanish permanent establishment.

Nevertheless, the Spanish withholding tax may be levied, in certain cases, by financial entities and/or Spanish public notaries resident in Spain for tax purposes or which act, in relation to the Notes, through a Spanish permanent establishment, to the extent that such parties act with respect to the Notes. Such Spanish withholding tax, if applicable, can be credited against the Noteholder's final PIT liability.

Tax credit for the avoidance of international double taxation may apply in respect of taxes paid or withholding taxes suffered abroad on income deriving from the Notes, if any.

### ***Corporate Income Tax***

Interest and income arising from the transfer, redemption or reimbursement of the Notes obtained by entities that are resident in Spain for tax purposes, will be taxed under the rules set forth in Section IV of CIT Law. The general tax rate is fixed at 30.00 per cent.

In general terms, income derived from the Notes is subject to Spanish withholding tax on account of the CIT of the Spanish Noteholder to the extent that a withholding agent resident in Spain or operating, in relation to the Notes, through a Spanish permanent establishment intervenes with respect to the Notes. No Spanish withholding tax will be levied by either the Issuer or the Paying Agents in relation to the Notes, since such entities are not resident in Spain for tax purposes and do not act, with respect to the Notes, through a Spanish permanent establishment.

Nevertheless, the Spanish withholding tax may be levied, in certain cases, by financial entities and/or notaries resident in Spain for tax purposes or which act, in relation to the Notes, through a Spanish permanent establishment, to the extent that such parties act with respect to the Notes. Such Spanish withholding tax, if applicable, can be credited against the Noteholder's final CIT liability.

However, interest and income arising with respect to Notes listed on an official secondary market of a member country of the OECD (other than Spain) will not be subject to withholding tax, in accordance with Article 59.s) of CIT Regulations. This will be the case as the Notes are expected to trade on the London Stock Exchange's Regulated Market.

Tax credit for the avoidance of international double taxation may apply in respect of taxes paid or withholding taxes suffered abroad on income deriving from the Notes, if any.

### ***Non-Resident Income Tax; taxpayers who act through a Spanish permanent establishment***

Based on the fact that the Issuer of the Notes is not resident in Spain for tax purposes, no Spanish tax should, in principle, be levied on Noteholders that are not resident in Spain for tax purposes, unless they are acting with respect to the Notes through a Spanish permanent establishment. According to the general principles of the Spanish taxation system, permanent establishments of foreign persons are taxed in a similar manner to resident entities, although some specific rules apply. Due to the complexity of this matter, foreign Noteholders acting in Spain through a permanent establishment are strongly urged to seek appropriate advice in respect of their own tax position in this regard.

### ***Individuals' Net Wealth Tax***

Individuals that are Spanish tax residents in accordance with the rules set forth by the PIT Law are subject to an annual Net Wealth Tax ("NWT") on 31 December on their total net wealth, regardless of the location of their assets or of where their rights may be exercised.

However, according to Law 4/2008, of 23 December 2008, tax payers benefit from a 100 per cent. tax credit on the NWT liability as from 2008, which in practical terms means that they are effectively tax exempt. They do not have an obligation to file the annual tax return as a result of this change.

### ***Inheritance and Gift Tax***

Inheritance and Gift Tax, which is governed by Law 29/1987, 18 December 1987, is levied on individuals' heirs and donees resident in Spain for tax purposes as determined by the PIT Law. Other legal entities resident in Spain for tax purposes are not subject to this tax and any asset received by way of inheritance or gift by them will be subject to CIT.

Inheritance and Gift Tax is calculated taking into account several circumstances, such as the age and previous net worth of the heir or donee and the kinship with the deceased person or donor. The applicable tax rate ranges between 7.65 and 34.00 per cent. depending on the particular circumstances. Thus the tax payable could range between zero and 81.60 per cent., although this is subject to the specific rules passed by the relevant Spanish autonomous communities with respect to this tax.

### ***Indirect taxation***

The acquisition, transfer, redemption, reimbursement and exchange of the Notes will be exempt from Transfer Tax and Stamp Duty, as well as from Value Added Tax, in accordance with the exemption set forth in Article 108 of Law 24/1988, 28 July 1988.

## **5. Portuguese Taxation**

The following is a general summary of certain income and capital gains tax consequences which may arise to Portuguese resident Noteholders. It is included herein solely for information purposes. It is based on the laws presently in force in Portugal, though it is not intended to be, nor should it be considered to be, legal or tax advice. Furthermore, the tax treatment applicable in Portugal to the income and capital gains derived by Portuguese resident Noteholders may vary depending on the final terms and conditions of the relevant Notes. Therefore, prospective Portuguese resident Noteholders should consult their own professional advisers as to the tax implications arising from the acquisition, holding or disposal of the Notes.

### **Noteholder's Income Tax**

Income generated by the holding (distributions) and disposal of the Notes is generally subject to the Portuguese tax regime for debt representative securities (*obrigações*).

Economic benefits derived from interest, amortisation, reimbursement premiums and other types of remuneration arising from the Notes are designated as investment income for Portuguese tax purposes.

**(A) Withholding tax arising from the Notes**

Payments of principal on the Notes to corporate entities or to individuals are not subject to Portuguese withholding tax. For these purposes, principal shall mean all payments carried out without any remuneration component.

***Corporate entities***

Under current Portuguese law, investment income payments in respect of the Notes made to Portuguese tax resident companies are included in their taxable income and are subject to progressive corporate tax rate according to which a 12.5 per cent tax rate will be applicable on the first € 12,500 of taxable income and a 25 per cent tax rate will be applicable on taxable income exceeding €12,500, which may be subject to a municipal surcharge (*derrama*) of up to 1.5 per cent, over the Noteholders taxable profits.

***Individuals***

As regards to investment income on the Notes made to Portuguese tax resident individuals, they are subject to personal income tax which shall be withheld at the current final withholding rate of 20 per cent. if there is a Portuguese resident paying agent, unless the individual elects to include it in his taxable income, subject to tax at progressive rates of up to 42 per cent. In this case, the tax withheld is deemed to be a payment on account of the final tax due.

Interest payments due by non resident entities to Portuguese tax resident individuals are subject to an autonomous taxation at a rate of 20 per cent. whenever those payments are not subject to Portuguese withholding tax.

**(B) Capital gains arising from the transfer of Notes**

***Corporate entities***

Capital gains obtained with the transfer of the Notes by legal persons resident for tax purposes in Portugal and by non resident legal persons with a permanent establishment in Portugal to which the capital gains are attributable are included in their taxable income and are subject to progressive corporate tax rate according to which a 12.5 per cent tax rate will be applicable on the first €12,500 of taxable income and a 25 per cent tax rate will be applicable on taxable income exceeding €12,500, which may be subject to a municipal surcharge (*derrama*) of up to 1.5 per cent, over the Noteholders taxable profits.

***Individuals***

Capital gains obtained by Portuguese tax resident individuals with the transfer of the Notes are not subject to tax for personal income tax purposes.

**Stamp tax**

No stamp tax applies to the acquisition of the Notes by individuals resident in Portugal by way of gift or inheritance, for tax purposes.

Acquisition by way of gift or inheritance of the Notes by companies resident in Portugal for tax purposes, or non resident companies acting through a permanent establishment in Portugal is subject to progressive corporate tax rate according to which a 12.5 per cent tax rate will be applicable on the first €12,500 of taxable income and a 25 per cent tax rate will be applicable on taxable income exceeding €12,500, which may be subject to a municipal surcharge (*derrama*) of up to 1.5 per cent, over the Noteholders taxable profits.

Under the current provisions of the Portuguese Stamp Tax Code, as a general rule, guarantees of any nature, when granted in Portugal or to Portuguese resident entities or when presented in Portugal for any legal purpose are subject to Stamp Tax in Portugal at a rate of 0.04 per cent., per month or fraction, for guarantees with a term of up to one year, 0.5 per cent. on guarantees of between one year and up to five years, and 0.6 per cent. on guarantees with a term of five or more years.

Guarantees granted between two credit institutions having a nature of banks or financial institutions provided for in the European Union legislation, except if they are domiciled in a country, territory or region subject to a clearly more favourable tax regime included in the blacklist approved by Order 150 of 13 February, 2004 issued by the Portuguese Minister of Finance, are exempt from Stamp Tax in Portugal.

#### ***Implementation of EU Savings Directive in Portugal***

Portugal has implemented the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income into the Portuguese law through Decree-Law no 62/2005, of 11 March, 2005, as amended by Law no 39-A/2005, of 29 July.

**PROSPECTIVE NOTEHOLDERS WHO ARE IN ANY DOUBT AS TO THEIR TAX POSITION OR WHO MAY BE SUBJECT TO TAX IN ANY RELEVANT JURISDICTION SHOULD SEEK INDEPENDENT PROFESSIONAL ADVICE.**

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have in a programme agreement (the "**Programme Agreement**") dated on or about the date of this Prospectus agreed with the Issuer and the Guarantor a basis upon which the Issuer may from time to time agree to issue Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*General Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or Dealers. If a Tranche of Notes is syndicated, the details of such syndicated will be specified in the applicable Final Terms.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot (provided that, in the case of any Tranche of Notes to be admitted to trading on a regulated market in the European Economic Area, the aggregate principal amount of Notes allotted does not exceed 105.00 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

## SELLING RESTRICTIONS

### 1. The Americas

#### *United States of America*

Each Dealer has acknowledged, and each further Dealer appointed under the Programme Agreement will be required to acknowledge, that the Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Each Dealer has agreed that it will not offer, sell or deliver a Note in bearer form within the United States or to United States persons except as permitted by the Programme Agreement. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme Agreement will be required to agree, that except as permitted by the Programme Agreement, it has not offered, sold or delivered Notes and it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the relevant Tranche, within the United States or to, or for the account or benefit of U.S. persons and only in accordance with Rule 903 of Regulation S or, if applicable, Rule 144A under the Securities Act and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it or through it during the

distribution compliance period a confirmation or notice setting forth the restrictions on offers and sales of the Notes within the United States or to or for the account or benefit of U.S. persons.

The Notes are being offered and sold only (a) outside the United States to persons other than U.S. persons ("foreign purchasers", which term includes dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners, other than an estate or trust) in reliance upon Regulation S and (b) to a limited number of QIBs in compliance with Rule 144A.

Except as otherwise provided, terms used in this United States sub-section of "*Selling Restrictions*" have the meanings given to them by Regulation S.

In addition, until 40 days after the completion of the distribution of all Notes comprising any Tranche, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Notes shall be subject to such additional U.S. selling restrictions as the relevant Dealer may agree as a term of the issuance of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

Each purchaser of Notes will be deemed to have represented and agreed as follows:

- (1) It is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is either (A) a QIB and is aware that the sale to it is being made in reliance on Rule 144A, or (B) a foreign purchaser that is outside the United States (or a foreign purchaser that is a dealer or other fiduciary as referred to above).
- (2) It acknowledges that the Notes have not been registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.
- (3) It agrees that the Issuer has no obligation to register the Notes under the Securities Act.
- (4) It will not resell or otherwise transfer any Notes within two years after the original issuance of the Notes except (A) to the Issuer or any affiliate thereof, (B) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction complying with Rule 144A, (C) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (D) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (E) pursuant to an effective registration statement under the Securities Act, in each case, in accordance with all applicable U.S. State securities laws.
- (5) It will give to each person to whom it transfers Notes notice of any restrictions on transfer of those Notes.
- (6) It understands that the Notes offered in reliance on Rule 144A or Regulation S will be represented by Registered Notes or Bearer Global Notes. Before any interest in a Regulation S Global Note or in a Rule 144A Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who is not a QIB or a foreign purchaser, the transferee will be required to provide the Issuing and Principal Paying Agent with a written certification as to compliance with the transfer restrictions referred to above.
- (7) It understands that each of the Notes will bear a legend substantially to the following effect unless otherwise agreed by the Issuer and the holder of particular Notes:



Any Notes that are offered, sold or transferred in the United States or to or for the account or benefit of a U.S. person (as defined in Regulation S) will either be issued in the form of Definitive Registered Notes, registered in the name of the registered holder thereof, or be represented by a Rule 144A Global Registered Note which will be deposited with a custodian for, and registered in the name of a nominee of, DTC.

- (8) It acknowledges that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Each Definitive Registered Note will bear a legend to the following effect:

"THE NOTES REPRESENTED BY THIS DEFINITIVE REGISTERED NOTE AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE ORIGINAL ISSUE DATE HEREOF, MAY BE TRANSFERRED ONLY PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AS SET FORTH BELOW.

THE REGISTERED OWNER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS DEFINITIVE REGISTERED NOTE IS ISSUED, (1) REPRESENTS FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO THE NOTES THAT IT IS THE SOLE BENEFICIAL OWNER OF THE NOTES REPRESENTED HEREBY OR IS PURCHASING SUCH NOTES FOR ONE OR MORE ACCOUNTS MAINTAINED BY IT OR OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION AND THAT EITHER (A) IT AND ANY SUCH ACCOUNT ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND ARE NOT PURCHASING SUCH NOTES FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON, OR (B) IT AND ANY SUCH ACCOUNT ARE (OR ARE HOLDING SUCH NOTES FOR THE BENEFIT OF) QUALIFIED INSTITUTIONAL BUYERS ("**QIBS**") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, (2) ACKNOWLEDGES THAT THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED, SOLD, RESOLD OR DELIVERED IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH ACT IN ACCORDANCE WITH THE TERMS HEREOF, AND (3) AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH NOTES MAY ONLY BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED (A) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S UNDER THE SECURITIES ACT OR (B) TO A PERSON WHO THE SELLER REASONABLY BELIEVES TO BE A QIB WHO IS AWARE THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EACH HOLDER OF THIS DEFINITIVE REGISTERED NOTE AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS DEFINITIVE REGISTERED NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

FOR THE PURPOSES HEREOF, "**OFFSHORE TRANSACTION**" AND "**U.S. PERSON**" SHALL HAVE THE MEANINGS GIVEN TO THEM IN RULE 902 OF REGULATION S UNDER THE SECURITIES ACT."

Each Rule 144A Global Registered Note will bear a legend to the following effect:

"THE NOTES REPRESENTED BY THIS GLOBAL NOTE AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE ORIGINAL ISSUE DATE HEREOF, MAY BE TRANSFERRED ONLY PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AS SET FORTH BELOW.

THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS GLOBAL NOTE IS ISSUED (OR ANY BENEFICIAL INTEREST OR PARTICIPATION HEREIN) ON ITS OWN BEHALF AND ON BEHALF OF ANY ACCOUNT FOR WHICH IT IS PURCHASING THIS GLOBAL NOTE OR ANY BENEFICIAL INTEREST OR PARTICIPATION HEREIN, (1) REPRESENTS FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO SUCH NOTES THAT IT IS THE SOLE BENEFICIAL OWNER OF THE NOTES REPRESENTED HEREBY OR IS PURCHASING SUCH NOTES FOR ONE OR MORE ACCOUNTS MAINTAINED BY IT OR OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION AND THAT EITHER (A) IT AND ANY SUCH ACCOUNT ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND ARE NOT PURCHASING SUCH NOTES FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON, OR (B) IT AND ANY SUCH ACCOUNT ARE (OR ARE HOLDING SUCH NOTES FOR THE BENEFIT OF) QUALIFIED INSTITUTIONAL BUYERS ("**QIBS**") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, (2) ACKNOWLEDGES THAT SUCH NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED, SOLD, RESOLD OR DELIVERED IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH ACT IN ACCORDANCE WITH THE TERMS HEREOF, (3) AGREES TO NOTIFY ANY SUBSEQUENT TRANSFEREE OF THE TRANSFER RESTRICTIONS SET OUT HEREIN AND THAT IT WILL BE A CONDITION TO SUCH TRANSFER THAT THE TRANSFEREE WILL BE DEEMED TO MAKE THE REPRESENTATIONS SET OUT HEREIN, AND (4) AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH NOTES MAY ONLY BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED (A) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S UNDER THE SECURITIES ACT OR (B) TO A PERSON WHO THE SELLER REASONABLY BELIEVES TO BE A QIB THAT IS AWARE THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EACH HOLDER OF THIS GLOBAL NOTE OR AN INTEREST HEREIN AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

FOR THE PURPOSES HEREOF, "**OFFSHORE TRANSACTION**" AND "**U.S. PERSON**" SHALL HAVE THE MEANINGS GIVEN TO THEM IN RULE 902 OF REGULATION S UNDER THE SECURITIES ACT."

Each Regulation S Global Note will bear a legend to the following effect:

"THE NOTES REPRESENTED BY THIS GLOBAL NOTE AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE OFFER, SALE, PLEDGE OR TRANSFER OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. BY PURCHASING OR OTHERWISE ACQUIRING THE NOTES REPRESENTED BY THIS GLOBAL NOTE, THE HOLDER THEREOF ACKNOWLEDGES THAT THE NOTES REPRESENTED BY THIS GLOBAL NOTE ARE "RESTRICTED SECURITIES" THAT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT. THE HOLDER AGREES FOR THE BENEFIT OF THE ISSUER THAT, IF IT SHOULD DECIDE TO DISPOSE OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE PRIOR TO THE DATE WHICH IS 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE, THE NOTES REPRESENTED BY THIS GLOBAL NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND ONLY (A) TO PERSONS WHOM THE SELLER REASONABLY BELIEVES TO BE QUALIFIED INSTITUTIONAL BUYERS ("**QIBS**"), AS DEFINED IN RULE 144A ("**RULE 144A**") UNDER THE SECURITIES ACT, OR (B) OTHERWISE TO NON-U.S. PERSONS IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT; PROVIDED THAT, IN THE CASE OF A TRANSFER PURSUANT TO CLAUSE (A), A TRANSFEROR OF THE NOTES WILL BE REQUIRED (1) TO EXECUTE AND DELIVER TO THE ISSUER AND THE REGISTRAR A TRANSFER CERTIFICATE (THE FORM OF WHICH IS ATTACHED TO THE AGENCY AGREEMENT AND CAN BE OBTAINED FROM THE REGISTRAR) AND (2) TO EXCHANGE THE PORTION OF THIS GLOBAL NOTE TO BE SO TRANSFERRED FOR AN INTEREST IN A RULE 144A GLOBAL REGISTERED NOTE OR A DEFINITIVE REGISTERED NOTE (AS SET OUT IN THE APPLICABLE FINAL TERMS) TO BE REGISTERED IN THE NAME OF THE TRANSFEREE.

EACH HOLDER OF THIS NOTE OR AN INTEREST HEREIN AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

FOR THE PURPOSES HEREOF, "**OFFSHORE TRANSACTION**" AND "**U.S. PERSON**" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT."

#### ***United Mexican States***

Pursuant to the Mexican Securities Market Law, the Notes have not been, and will not be, registered with the Mexican National Registry of Securities and may not be offered or sold publicly in the United Mexican States. This Prospectus has not been authorised or registered under the Mexican Securities Market Law and may not be distributed publicly in the United Mexican States.

Pursuant to Article 7 of the Mexican Securities Market Law, the Notes may be offered or sold, on a private placement basis to Mexican qualified and institutional investors (*inversionistas institucionales o calificados*).

#### ***Federative Republic of Brazil***

The Notes have not been and will not be registered with the Comissão de Valores Mobiliários – the Brazilian Securities and Exchange Commission ("**CVM**") and accordingly, each Dealer has represented and agreed that it has not and will not sell, promise to sell, offer, solicit, advertise and/or market the Notes within the Federative Republic of Brazil in an offering that can be construed as a public offering or unauthorised distribution of securities under Brazilian law and regulations. Additionally, each Dealer has represented and agreed that it has not and will not violate any of the registration requirements and securities distribution, sales and marketing restrictions under CVM Instruction nº 400, dated 29 December 2003, as amended from time to time, and Federal Law 6.385, dated 7 December 1976, as amended from time to time.

### ***Republic of Argentina***

The Notes are not and will not be authorised by the Comisión Nacional de Valores (the "CNV") for public offer in Argentina and may thus not be offered or sold to the public at large or to sectors or specific groups thereof by any means, including but not limited to personal offerings, written materials, advertisements, the internet or the media, in circumstances which constitute a public offering of securities under Argentine Law No. 17,811, as amended (the "**Public Offering Law**").

The Public Offering Law does not expressly recognise the concept of private placement. Notwithstanding the foregoing, pursuant to the general rules on public offering and the few existing judicial and administrative precedents, the following private placement rules have been outlined:

- (a) Target investors should be qualified or sophisticated investors, capable of understanding the risk of the proposed investment.
- (b) Investors should be contacted on an individual, direct and confidential basis, without using any type of massive means of communication.
- (c) The number of contacted investors should be relatively small.
- (d) Investors should receive complete and precise information on the proposed investment.
- (e) Any material, brochures, documents, etc, regarding the investment should be delivered in a personal and confidential manner, identifying the name of the recipient.
- (f) The documents or information mentioned in item (e) above should contain a legend or statement expressed stating that the offer is a private offer not subject to the approval or supervision of the CNV, or any other regulatory in Argentina.
- (g) The aforementioned documents or material should also contain a statement prohibiting the re-sale or re-placement of the relevant securities within the Argentine territory or their sale through any type of transaction that may constitute a public offering of securities pursuant to Argentine law.

### ***Republic of Chile***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither the Issuer nor the Notes have been, and will not be registered at the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros de Chile*) pursuant to *Ley No. 18,045 de Mercado de Valores* (Securities Market Act), as amended, of the Republic of Chile and, accordingly, each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes within Chile or to, or for the account or benefit of persons in Chile except in circumstances which have not resulted and will not result in a public offering and/or securities intermediation in Chile within the meaning of Chilean law.

### ***Republic of Colombia***

Each Dealer has represented and agreed that the Notes have not and will not be marketed, offered, sold or distributed in Colombia or to Colombian residents except in circumstances which do not constitute a public offer of securities in Colombia within the meaning of article 1.2.1.1 of Resolution 400 issued in 1995 by the Superintendence of Securities, as amended from time to time. This material is for the sole and exclusive use of the addressee as a determined individual/entity and cannot be understood as addressed for the use of any third party. Accordingly, the Notes will not be publicly offered or marketed or negotiated in Colombia through promotional or advertisement activities (as defined under Colombian law) except in compliance with the requirements of the Colombian Financial and Securities Market Regulation (*Decree 2558 of 2007 issued by the*

*Ministry of Finance and Public Credit, Law 964 of 2005 and Organic Statute of the Financial System*) as amended and restated, and decrees and regulations made thereunder. Each Dealer has acknowledged that the Notes have not been registered with the National Securities and Issuers Registry (*Registro Nacional de Valores y Emisores*) of the Colombian Financial Superintendence (*Superintendencia Financiera de Colombia*), and therefore it is not intended for any public offer of the Notes in Colombia.

Investors acknowledge the Colombian laws and regulations (specifically foreign exchange and tax regulations) applicable to any transaction or investment consummated in connection with this Prospectus and represent that they are the sole liable party for full compliance with any such laws and regulations. The investors represent that the investment in the securities is a permitted investment for them under their corporate bylaws and/or particular investment regime that may be applicable.

### ***Republic of Peru***

Each Dealer has represented and agreed that the Notes have not and will not be placed, offered, sold, disposed of or distributed in Peru, except in circumstances which do not constitute a public offer of securities in Peru within the meaning of the Peruvian securities laws and regulations. Accordingly, the Notes will not be the subject of a duly diffused invitation for subscription, acquisition or purchase of the Notes in Peru, pursuant to the Peruvian Securities Market Law, Supreme Decree No. 093-2002-EF, as amended and restated.

The Notes may only be offered in Peru, under private offerings, complying with the Securities Market Law and the regulations that govern the investment policy of institutional investors such as, but not restricted to, banking and other financial entities, insurance entities, private pension fund managers, open ended and closed ended collective investment schemes.

Each Dealer has acknowledged that this Prospectus has not been subject to review by the Peruvian Securities Market Commission (*Comisión Nacional Supervisora de Empresas y Valores – "CONASEV"*) and has not been registered with the Peruvian Securities Market Public Registry. Accordingly, it is not intended for any public offer of the Notes in Peru. If the Notes were to be offered under private offerings in Peru, regulations do not impose reporting obligations with CONASEV, to any of the Issuer or the Dealers, notwithstanding, when offering the Notes to investors subject to the supervision of the Peruvian Financial Services Authority (*Superintendencia de Banca y Seguros y Administradoras Privadas de Fondos de Pensiones*), certain disclosure requirements should be met in order to be in good standing with the regulations issued by such authority.

### ***Uruguay (The Eastern Republic of Uruguay)***

The Programme has not been registered with the Central Bank of Uruguay and was not and will not be traded on any Uruguayan stock exchange.

The Notes are not offered to the public in or from Uruguay. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offer of Notes has not been and will not be announced to the public and offering material will not be made available to the public except in circumstances which do not constitute a public offer of securities in Uruguay in compliance with the requirements of the Uruguayan Securities Market Law (Law N° 16,749 del 30 de mayo de 1996). The Notes will be offered to people in or from Uruguay pursuant only to a private offer. Public advertisement of the Programme will not be permitted.

### ***Venezuela (The Bolivarian Republic of Venezuela)***

The public offering of the Notes has not been authorised by the National Securities Commission (*Comisión Nacional de Valores – "CNV"*). Each Dealer has represented and agreed with the Issuer that (i) it shall not offer and/or sell the Notes in Venezuela by means of a public offering, without obtaining the prior authorisation of CNV in accordance with the relevant provisions of the Capital Markets Law of 22 October

1998 (*Ley de Mercado de Capitales*) and (ii) any offer of Notes has not been and will be announced by the public and offering material will not be made available to the public, without the prior authorisation of CNV.

## 2. Europe, the Middle East and Africa

### *European Economic Area*

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes, which are subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto, to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last (or, in Sweden, last two) financial year(s); (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last (or, in Sweden, last two) annual or consolidated accounts; or
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### ***United Kingdom***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 (financial promotion) of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if they were not authorised persons apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### ***Kingdom of Spain***

Each Dealer has represented and agreed, that the Notes cannot be offered or sold in Spain by means of a public offer as defined and construed in Chapter I of Title III of Law 24/1988, of 28 July, on the Securities Market Law (*Ley 24/1988 de 28 de Julio, del Mercado de Valores*), (as amended by, inter alia, Royal Decree Law 5/2005 of 11 March ("Law 24/1988"), Royal Decree 1310/2005 of 4 November and related legislation), unless the requirements and provisions applicable to public offerings in Spain are met.

### ***Portuguese Republic***

Each Dealer has represented that the Notes might be offered to the public in Portugal under circumstances which are deemed to be a public offer (*oferta pública*) under the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree Law no. 486/99 of November 13, subject to the fulfilment of the requirements and provisions applicable to public offerings in Portugal. Each Dealer has represented that no offering materials will be publicly distributed in Portugal and no publicity or marketing activities related to the Notes will be conducted in Portugal unless the requirements and provisions applicable to public offerings in Portugal are met. Each Dealer represents and agrees, and each further Dealer appointed under the Programme shall represent and agree, that it will comply with all applicable provisions of the Portuguese Securities Code and any applicable CMVM Regulations and all relevant Portuguese laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having a permanent establishment located in Portuguese territory, as the case may be; notably, each Dealer has represented and agreed that it shall at all times comply with all applicable laws and regulations in force in Portugal, including (without limitation) the Portuguese Securities Code, the CMVM Regulations and the Prospectus Regulation implementing the Prospectus Directive, regarding the offering, advertisement, distribution, submission to an investment-gathering procedure, sale, re-sale, re-offering or delivering of the Notes in Portugal or to individuals or entities resident in Portugal or having a permanent establishment located in Portuguese territory, as the case may be, and that such actions shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

### ***Republic of Italy***

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and the relevant implementing CONSOB regulations as amended from time to time and in Article 2 of Directive No. 2003/71/EC of 4 November 2003; or

- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**").

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**"), as amended; and
- (ii) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the Issue or the offer of securities in the Republic of Italy; and
- (iii) in compliance with any other applicable laws and regulations or requirements imposed by CONSOB or another Italian authority.

In accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (a) and (b) above, the subsequent distribution of Notes with a denomination per unit of less than €50,000 (or its equivalent in another currency at the date of issue) on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

#### ***Kingdom of Sweden***

Each Dealer has confirmed and agreed that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy Notes or distribute any draft or definite document in relation to any such offer, invitation or sale except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (*lag (1991:980) om handel med finansiella instrument*).

#### ***Kingdom of Norway***

Each Dealer represents that the offering of the Notes with respect to Norway, is directed solely to registered professional investors according to the Norwegian Securities Trading Act Section 7-4 no. 8. Any subscriptions made by any other Norwegian person or body corporate will be rejected.

#### ***Kingdom of Denmark***

This Prospectus has not been filed with or approved by the Danish Financial Supervisory Authority or any other regulatory authority in Denmark. Each Dealer has represented and agreed that the Notes have not been offered or sold and may not be offered, sold or delivered directly or indirectly in Denmark by way of a public offering, unless in compliance with Chapter 6 or Chapter 12 of the Danish Act on Trading in Securities and Executive Orders issued pursuant thereto as amended from time to time.

#### ***Republic of Finland***

The Notes are offered in Finland only to qualified investors and less than 100 other investors and otherwise in circumstances which do not require the publication of a prospectus under the Finnish Securities Markets Act



(495/1989) and any regulation made thereunder, as supplemented and amended from time to time. This Prospectus has neither been approved by nor notified to the Finnish Financial Supervision Authority.

### ***Swiss Confederation***

Unless explicitly stated otherwise specified in the applicable Final Terms, the Notes may not be publicly offered for subscription (*öffentliche zur Zeichnung angeboten*) in Switzerland, as such term is defined or interpreted under the Swiss Code of Obligations. Neither the Prospectus nor any documents related to the Notes constitute a prospectus in the sense of article 652a or article 1156 of the Swiss Code of Obligations, unless explicitly stated otherwise therein. In addition, the Notes may not be offered and distributed by means of public advertising (*öffentliche Werbung*) in or from Switzerland, as such term is defined or interpreted under the Swiss Collective Investment Schemes Act for purposes of the offering of structured products in the sense of article 5 of the Swiss Collective Investment Schemes Act. The Notes do not constitute a participation in a collective investment scheme within the meaning of the Swiss Collective Schemes Act and they are neither subject to approval nor supervision by the Swiss Federal Banking Commission.

### ***United Arab Emirates***

Each Dealer has represented and agreed that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates or the Dubai International Financial Centre other than in compliance with laws applicable in the United Arab Emirates or the Dubai International Financial Centre, as the case may be, governing the issue, offering and sale of securities.

## **3. Asia-Pacific region**

### ***Hong Kong Special Administrative Region***

Each Dealer acknowledges and agrees that the Notes have not been authorised by the Hong Kong Securities and Futures Commission. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme and each other purchaser will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent) (ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

### ***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No.25 of 1948, as amended the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or, for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No.228 of 1949, as

amended), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws, regulations and ministerial guidelines of Japan.

### ***Republic of Korea***

The Notes have not been registered with the Financial Supervisory Commission of Korea for public offering in Korea. None of the Notes may be offered, sold and delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident in Korea except pursuant to the applicable laws and regulations of Korea, including the Securities and Exchange Law of Korea and the decrees and regulations thereunder (the "**Securities and Exchange Laws**") and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "**Foreign Exchange Transaction Laws**"). Without prejudice to the foregoing, if the Registered Notes are bonds within the meaning of the Securities and Exchange Laws, then for a period of one year from the issue date of the Notes, no holder of the Notes who is in Korea or a resident of Korea may transfer the Notes in Korea or to any resident of Korea unless such transfer involves all of the Notes held by it. If the Bearer Notes are bonds within the meaning of the Securities and Exchange Laws, then the number of Notes offered in Korea or to a resident in Korea shall be less than 50 and for a period of one year from the issue date of the Notes, none of the Notes may be divided resulting in an increased number of Notes. Furthermore, the purchaser of the Notes shall comply with all applicable regulatory requirements (including, but not limited to, requirements under the Foreign Exchange Transaction Laws) in connection with the purchase of the Notes. In particular, the Notes which are derivative transactions within the meaning of the Foreign Exchange Transaction Laws may only be re-sold to Korean residents that (i) are qualified under the relevant laws and regulations to purchase them without having first to obtain prior governmental approvals under the relevant Korean law and regulations, including the Foreign Exchange Transaction Laws or (ii) have obtained such governmental approvals.

Each Dealer has represented and agreed that it has not offered, sold or delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, any Notes in Korea or to any resident of Korea and will not offer, sell or deliver, directly or indirectly, or offer or sell to any person for re-offering or resale, directly or indirectly, any Notes in Korea or to any resident of Korea, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Laws, Foreign Exchange Transaction Laws and other relevant laws and regulations of Korea.

### ***Republic of Singapore***

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "**Securities and Futures Act**"). Accordingly, the Notes may not be offered or sold, or be made the subject of an invitation for subscription or purchase nor may this Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes to be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (ii) to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Notes, namely a person who is:

- (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

should note that the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferred for six months after that corporation or that trust has acquired the Notes under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person or any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act;
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law.

### ***Taiwan***

No person or entity in Taiwan is authorised to distribute or otherwise intermediate the offering of the Notes or the provision of information relating to the Programme, including, but not limited to, this Prospectus. The Notes may be made available for purchase from outside Taiwan by investors residing in Taiwan, but may not be offered or sold in Taiwan. Any subscriptions of Notes shall only become effective upon acceptance by the Issuer or the relevant Dealer outside Taiwan and shall be deemed a contract entered into in the jurisdiction of incorporation of the Issuer or relevant Dealer, as the case may be, unless otherwise specified in the subscription documents relating to the Notes signed by the investors.

### ***The People's Republic of China***

The Notes may not be offered or sold, directly or indirectly, (i) by means of any advertisement, invitation, document or activity which is directed at or other contents of which are likely to be accessed or read by the public in the People's Republic of China, excluding Hong Kong, Macau and Taiwan ("**PRC**"); or (ii) to any person within the PRC other than in full compliance with the relevant laws and regulations of the PRC, including, but not limited to, the PRC Securities Law, the Company Law and/or The Provisional Administrative Measures on Derivatives Business of Financial Institutions (as amended from time to time). Neither this Prospectus nor any material or information contained or incorporated by reference herein relating to the Programme, which have not been and will not be submitted to or approved/verified by or registered with the China Securities Regulatory Commission or other relevant governmental authorities in the PRC, may be supplied to the public in the PRC or used in connection with any offer for the subscription, purchase or sale of the Notes other than in compliance with the aforesaid in the PRC. PRC investors are responsible for obtaining all relevant government regulatory approvals/licences, verification and/or registrations themselves, including, but not limited to, any which may be required from the China Securities Regulatory Commission, the State Administration of Foreign Exchange and/or the China Banking Regulatory Commission, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or foreign investment regulations.

### ***The Commonwealth of Australia***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme and each other purchaser will be required to represent and agree, that:

- (a) it will not make any offer or invitation in Australia or which will be received in Australia in relation to the issue, sale or purchase of any Notes, unless the offeree is required to pay at least A\$500,000 for the Notes or its foreign currency equivalent (disregarding amounts, if any, loaned by the Issuer or other person offering the Notes or its associates (within the meaning of those expressions in Part 6D.2 of the Corporations Act 2001 (Cth) of Australia (the "**Corporations Act**")), or it is otherwise an offer

or invitation in respect of which, by virtue of s708 of the Corporations Act, no disclosure is required to be made under Part 6D.2 of the Corporations Act and provided that any such offeree is not a retail client within the meaning of section 761G of the Corporations Act; and

- (b) it has not circulated or issued and will not circulate or issue a disclosure document relating to the Notes in Australia or received in Australia a disclosure document relating to the Notes which requires lodging under Division 5 of Part 6D.2 or under Part 7 of the Corporations Act.

### **General**

The Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, with the Issuer and the Guarantor that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Notes and that it will not, directly or indirectly, offer, sell or deliver Notes or distribute or publish this document, any prospectus, circular, advertisement or other offering material (including, without limitation, any supplement to this document) in relation to the Notes in or from any country of jurisdiction except under circumstances that will to best of its knowledge and belief result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes by it will be made on the foregoing terms.

None of the Issuer, the Guarantor and the Dealers represents by virtue of the Prospectus that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

The restrictions on offerings may be modified by the agreement of the Issuer, the Guarantor and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the applicable Final Terms applicable to each Series of Notes or in a supplement to this document.

### **Disclaimer**

As a result of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Unless otherwise specified in the applicable Final Terms, no offers, sales, re-sales or deliveries of any Notes, or distribution of any offering material relating to any Notes, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer, Guarantor or the Dealers.

## GENERAL INFORMATION

### 1. Incorporation

Abbey National Treasury Services plc and Abbey National plc were incorporated in England and Wales on 24 January 1989 and 12 September 1988 respectively, and with registered numbers 2338548 and 2294747 respectively.

### 2. Authorisation

The continuation of the Programme and the issue of Notes had been duly confirmed and authorised by a resolution of the Board of Directors of Abbey National Treasury Services plc dated 24 September 2003; a wholesale funding approval and authorisation in respect of Abbey National Treasury Services plc given by the Chief Executive Officer of Abbey National plc dated 7 February 2007; and a Programme approval and authorisation in respect of Abbey National Treasury Services plc given by an authorised person dated 9 March 2009. The giving of the guarantee of the Notes by Abbey National plc had been duly authorised by a resolution of the Board of Directors of Abbey National plc dated 16 September 2003; a wholesale funding approval and authorisation in respect of Abbey National plc given by its Chief Executive Officer dated 7 February 2007; and a Programme approval and authorisation in respect of Abbey National plc given by an authorised person dated 9 March 2009.

### 3. Listing of Notes on the Official List

The listing of Notes on the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to listing on the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Notes is expected to be granted on or before 31 March 2009.

### 4. Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Issuer and the Guarantor and at the specified offices of the Paying Agents save that items (iv) and (v) will not be available at the specified offices of the Paying Agents (and items (i), (vi) and (vii) will be available for collection free of charge):

- (i) the memorandum and articles of association of the Issuer and the memorandum and articles of association of the Guarantor and A&L;
- (ii) the consolidated and non-consolidated audited financial statements of the Issuer and the Guarantor in respect of the financial years ended 31 December 2007 and 31 December 2008;
- (iii) the audited consolidated and non-consolidated annual financial statements of A&L in respect of the financial year ended 31 December 2007 and the audited consolidated and non-consolidated annual financial statements of A&L in respect of the financial year ended 31 December 2008 (which contains the form of the A&L guarantee in respect of the unsubordinated liabilities of Abbey National incurred prior to 31 July 2012);

- (iv) the Programme Agreement, the Agency Agreement (which contains the forms of Global Notes, Notes in definitive form, Receipts, Coupons and Talons), Deed of Covenant and the Guarantee;
- (v) this Prospectus;
- (vi) any future information memoranda, offering circulars, prospectuses and supplements to this Prospectus and any other documents incorporated herein or therein by reference;
- (vii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document); and
- (viii) Final Terms (save that Final Terms relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity).

## 5. Clearing Systems

The Notes in bearer and registered form (other than Swedish Notes) have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and Common Code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 3 Boulevard du Roi Albert II, B.1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Avenue J. F. Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, 25th Floor, New York, NY 10041-0099, United States of America.

## 6. Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer's A&L's and the Guarantor's respective groups since 31 December 2008, and there has been no material adverse change in the financial position or prospects of the Issuer, the Guarantor, the Group, the ANTS Group or the A&L Group since 31 December 2008.

## 7. Litigation

The Group, in line with other UK banks and building societies, levies charges on current account customers, for example when a customer goes overdrawn (if they did not have an arranged overdraft facility) when a customer exceeds their agreed overdraft limit, or when the bank refuses to pay an item if the customer does not have sufficient funds in their account. UK banks and building societies believe these fees are fair and clearly set out in account terms and conditions. In common with other banks in the United Kingdom, the Group has received claims and complaints from a large number of customers relating to the legal status and enforceability of current and historic contractual terms in personal current account agreements relating to unarranged overdraft and unpair item charges ("**Relevant Charges**") and seeking repayment of Relevant Charges that had been applied to their accounts in the past. The claims and complaints are based primarily on the common law penalty doctrine and the Unfair Terms in Consumer Contract Regulations 1999 (the "**Regulations**"). Because of the High Court test case referred to below, most existing and new claims in the County Courts are currently stayed and there is also a FSA waiver of the complaints handling process and a standstill of Financial Ombudsman Service decisions.

On 27 July 2007, following discussions between the Office of Fair Trading ("OFT"), the Financial Ombudsman Service, the FSA and major UK banks (including Abbey National plc), the OFT issued proceedings in a test case against the banks which was intended to determine certain preliminary issues concerning the legal status and enforceability of contractual terms relating to Relevant Charges.

The preliminary trial concluded on 8 February 2008 and the judgement was handed down on 24 April 2008. The High Court held that the contractual terms relating to unarranged overdraft charges currently used by the Group (i) are not unenforceable as penalties, but (ii) are not exempt from assessment for fairness under the Regulations. At a subsequent court hearing on 22 and 23 May 2008, the judge granted Abbey National plc and other test case banks permission to appeal his decision that unarranged overdraft charges are assessable for fairness under the Regulations. The appeal hearing concluded in November 2008 and on 26 February 2009 the Court of Appeal upheld the judge's decision and rejected the appeal.

The test case banks are now likely to take the appeal to the House of Lords. In October 2008 the High Court also delivered its judgement to the effect that terms and conditions previously used by the test case banks are not capable of being penalties but are assessable for fairness under the Regulations. Depending on the outcome of an appeal to the House of Lords, further hearings may be required in order for the Court to determine the fairness of the charges.

The issues relating to the legal status and enforceability of the Relevant Charges are complex. The Group cannot, however, at this stage predict with any certainty if, or for how long, the stays, waiver and standstill referred to above will remain in place. Nor can it at this stage predict with any certainty the timing or substance of the final outcome of the customer claims and complaints, any appeals and any further stages of the test case. It is unable reliably to estimate the liability, if any, which may arise as a result of or in connection with these matters or its effect on the Group's consolidated net assets, operating results or cash flows in any particular period. If there are any further significant developments in relation to the test case, the Issuer will make any announcements which they are required to make under any applicable regulatory provisions and/or any rules relevant to admittance on the Official List.

Other than the proceedings disclosed in the preceding paragraph, none of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer, the Guarantor or A&L are aware) which may have or have had in the 12 months prior to the date hereof, a significant effect on the financial position or profitability of the Group, the Issuer, the Guarantor, or A&L, and its subsidiaries.

## **8. Auditors**

The consolidated accounts of the Issuer, the Guarantor, A&L and the Group for the years ended 31 December 2008 and 31 December 2007 were audited by Deloitte LLP, Chartered Accountants and Registered Auditors, in accordance with International Standards on Auditing (UK and Ireland), and have been reported on without qualification. The auditors of the Issuer, the Guarantor, A&L, the Group and the ANTS Group have no material interest in the Issuer, the Guarantor, A&L, the Group or the ANTS Group. The consolidated balance sheet of Abbey National for the years ended 31 December 2008 and 2007 and the related consolidated statements of income, recognised income and expense, and cash flows for each of the three years in the period ended 31 December 2008 have been audited by Deloitte LLP, independent public accountants, in accordance with the standards of the Public Company Accounting Oversight Board (United States) and have been reported on without qualification and with an emphasis of matter for the change in accounting policy of cash and cash equivalents.

## **9. U.S. Regulatory Controls**

Bearer Notes and the relevant Receipts, Coupons or Talons will bear a legend to the effect that any U.S. person holding the same will be subject to limitations under the United States income tax laws, including those under Sections 165(j) and 1287(a) of the United States Internal Revenue Code of 1986, as amended.

**10. Other Matters**

The Issuer has received a demand from an overseas tax authority relating to the repayment of certain tax credits and related charges. Following modifications to the demand, its nominal amount was £80m at the balance sheet exchange rate (2007: £61m). As at 31 December 2008, additional interest in relation to the demand could amount to £34m at the balance sheet exchange rate (2007: £24m). The Issuer received legal advice that it had strong grounds to challenge the validity of the demand. In September 2006, the Issuer won its case at the first stage of the litigation process. In January 2007, the tax authority appealed this decision. However, in December 2006, a ruling was published of a similar case unconnected to the Group but which might affect the Issuer's position. In this instance, the courts ruled against the taxpayer.

**11. Contracts (Rights of Third Parties) Act 1999**

The Contracts (Rights of Third Parties) Act 1999 (the "**Act**") provides, *inter alia*, that persons who are not parties to a contract governed by the laws of England and Wales may be given enforceable rights under such contract. Unless specifically provided in the applicable Final Terms to the contrary, this Programme expressly excludes the application of the Act to any issue of Notes under the Programme.

**12. Post-Issuance Information**

Save as set out in the applicable Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any issue of Notes.



**REGISTERED OFFICE OF THE ISSUER AND  
THE GUARANTOR**

Abbey National House  
2 Triton Square  
Regent's Place  
London NW1 3AN

**DEALERS**

Banco Santander S.A.  
Ciudad Group Santander  
Avda de Cantabria s/n  
28660 Boadilla del Monte  
Madrid, Spain

Abbey National Treasury Services plc  
trading as Santander Global Banking & Markets  
Abbey National House  
2 Triton Square  
Regent's Place  
London NW1 3AN

**ISSUING AND PRINCIPAL  
PAYING AGENT, TRANSFER  
AGENT AND EXCHANGE  
AGENT**

Citibank, N.A.  
21st Floor, Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**PAYING AGENTS  
REGISTRAR, PAYING AND  
TRANSFER AGENT**

Citigroup Global Markets  
Deutschland AG & Co. KGaA.  
Reuterweg 16, 60323 Frankfurt  
Germany

**SWEDISH PAYING AGENT,  
SWEDISH ISSUING & PAYING  
AGENT AND REGISTRAR**

Nordea Bank AB (publ)  
Smålandsgatan 17  
SE-105 71 Stockholm  
Sweden

**LEGAL ADVISERS**

*To the Issuer and Guarantor as to English law*

Allen & Overy LLP  
One Bishops Square  
London E1 6AD

*To the Issuer and Guarantor as to United States law*

Cleary Gottlieb Steen & Hamilton LLP  
City Place House  
55 Basinghall Street  
London EC2V 5EH

*To the Issuer and Guarantor as to Italian law*

Allen & Overy  
Studio Legale Associato  
Via Manzoni, 41/43  
20121 Milan  
Italy

*To the Issuer and Guarantor as to Spanish law*

Allen & Overy  
Pedro de Valdivia 10  
28006 Madrid  
Spain

*To the Issuer and Guarantor as to Portuguese law*

Vieira de Almeida & Associados, Sociedade de  
Advogados R.L.  
Avenida Duarte Pacheco, 26  
1107-110 Lisbon  
Portugal

**INDEPENDENT REGISTERED PUBLIC AUDITORS**

*To the Issuer and the Guarantor*

Deloitte LLP  
2 New Street Square  
London EC4A 3BZ

Printed by Allen & Overy LLP